Annual Report
2022

Orkla

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1.

Introduction to Orkla

Message from the President and CEO

2022 has been a significant year in many ways, for Orkla and for me personally. During the COVID-19 pandemic, Orkla played a critical role for society as a manufacturer of food and hygiene products. Unfortunately, when the public-health restrictions finally eased, the elation we all felt was cut short by Russia's invasion of Ukraine in February. We chose to immediately cease all operations in Russia and soon felt the impacts of the geopolitical situation. Supply chains are disrupted, and transport, energy and input costs have reached unprecedented high levels. Only through extraordinary efforts have we been able to cope with the recurrent supply shortages. I would like to express my warm appreciation to everyone in the Orkla family who has worked so hard to enable us to meet partner and consumer expectations. During this challenging period Orkla has sought to ensure the well-being of its employees while sustaining product deliveries and long-term value creation.

A changing Orkla

Upon assuming the role of President and CEO in April 2022, I launched a project to transform Orkla into an industrial investment company with a brands and consumer-oriented scope. The core of this process will primarily be the establishment of twelve portfolio companies, each with its own Board of Directors. The goal is to increase value creation by expanding entrepreneurship and independence, shortening decision-making processes and facilitating structural changes. The companies will still retain a foothold in Orkla ASA, where there will be an investment team and centres of excellence in brand-building, finance, procurement, sales, sustainability and IT.

Along with the change in Orkla's structure, I have appointed a new management team, consisting of five EVPs in an investment team and four EVPs with responsibility for corporate functions. The management team now comprises persons with extensive experience and relevant expertise gained within Orkla and in other respected companies.

The change now being carried out to ensure Orkla's continued value creation and growth is significant, but necessary. The company has a long history in which the ability to adapt and adjust to market and business environment changes has been decisive for development and growth. I am proud to have the opportunity to lead Orkla through the important transformation that we are now experiencing and I look forward to continuing this journey.

A year for valuable acquisitions

We made important acquisitions in the past year. Amongst the most substantial, I would like to highlight the purchase of Denali Ingredients in the USA. The USA is a new market for Orkla Food Ingredients (OFI) and will become a key geographical area for OFI's business model. When we acquired Denali, we also announced that we are looking for a partner to further develop the potential in OFI.

Furthermore, we have continued to build on our investments in pizza franchise restaurants in Europe, by buying 74% of one of Poland's leading pizza chains, Da Grasso, with nearly 200 sales outlets. Since our first purchase in 2018, we have acquired more than 860 franchise sales outlets in Finland, Benelux, Germany and Poland. We are well on our way to becoming one of the leading players in Europe.

We also purchased Healthspan in 2022. This was a strategically important acquisition that strengthens our position in consumer health and direct-to-consumer online sales.

In December, Orkla Foods Europe entered into an agreement to purchase 100% of the shares in Khell-Food Kft, the largest producer of ready-made sandwiches and baguettes in the Hungarian market. We also announced our purchase of Bubs in Sweden. With this acquisition, Orkla Confectionery & Snacks has significantly strengthened its position in the Swedish market.

Long-term sustainability goals

For many years now, we have focused on sustainability, and this work remains a priority going forward. The global Sustainability Development Goals and the UN Global Compact's Principles for Responsible Business are fundamental to our sustainability work, with particular emphasis on UN Sustainable Development Goal No. 12 of responsible consumption and production. Despite a challenging year, the Orkla companies have continued their efforts to pursue our long-term sustainability goals. In 2022, we made progress in several important areas, and I would like to particularly highlight the transition to recyclable packaging and sustainable production of raw materials. Climate changes are increasingly evident, and the loss of biodiversity and risk of ecosystem changes are on the rise, underscoring the need for action. In 2022, Orkla committed to net zero emissions of greenhouse gases across our value chain by 2045, and our measures for achieving this goal have been approved by the Science-Based Targets (SBTi) initiative. Furthermore, we have drawn up a special policy for nature and climate that points us in the direction of also setting science-based targets for nature and biodiversity.

Prepared for a new Orkla

I look back on an important year in Orkla history and look forward to exploring all the possibilities ahead of us in 2023. We will continue to live up to our values of being brave, inspiring and trustworthy as an investment company and through our twelve independent portfolio companies.

Nils K. Selte
President and CEO

Goals and strategy

We will transform Orkla into a leading industrial investment company with a brands and consumer-oriented scope. By establishing autonomous portfolio companies with their own company boards, we will ensure greater structural flexibility in the future.
Our goal is to improve long-term value creation.

Our business framework will be brands and consumer-oriented companies – a large sector with underlying growth and considerable value creation potential. We will invest in companies where we can contribute to further value creation through our deep industry expertise, consumer insight, and our experience in building leading brands. Through active portfolio management we will point Orkla towards rapidly growing consumer segments and markets.

Sustainability is a pivotal element of our business strategy and in our portfolio companies. We want to contribute to making the necessary transition to sustainable production and consumption, and are ranked as one of the world's most sustainable companies in the Dow Jones Sustainability Index and the Global 100 index. Our efforts to promote sustainability also contribute to good risk management and are a source of innovation and growth in our companies.

Orkla ASA will pursue a long-term, industrial approach to its portfolio companies and be an active owner through the company boards. We have established an investment team that will ensure a hands-on portfolio management. The investment team also comprises centres of excellence with solid sales, marketing, innovation and sustainability expertise. In addition, Orkla ASA will comprise efficient, central corporate functions in the form of the Finance, Human Resources, Legal & Compliance and Communication & Corporate Affairs departments.

For many years, Orkla has operated on a cross-company basis, thereby realising significant synergies. To ensure that important synergies are further strengthened, we have established business service companies for IT (Orkla IT), procurement (Orkla Procurement) and financial services (Orkla Financial

Services). Together, they will contribute to increased value creation for Orkla going forward. In the autonomous portfolio companies, we will consider having external members on the company boards where appropriate.

Orkla ASA will continue to own the Hydro Power energy business and the real estate investments in Orkla Eiendom.

Orkla's competitive strengths

We can describe Orkla ASA's competitive advantage as six differentiating factors:

- We have a long-term, industrial perspective on our ownership and investment decisions.
- We are a reliable, flexible and receptive partner that is open to a variety of ownership structures.
- We have access to high competence and deep insight through Orkla's Centres of Excellence, which support commercial development and growth in our portfolio companies.
- We have an active capital allocation and portfolio management approach towards the companies we invest in, to further develop their potential for value creation.
- We have business service companies that realise economies of scale and cost advantages across the portfolio companies.
- We are clearly committed to the community of which we are a part, as is reflected in our values and business standards, and we make a positive contribution to sustainable production and consumption.

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
Sustainability

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

Business service companies
- Procurement
- Orkla IT
- Orkla Financial Services

Portfolio Companies

Jotun	NOK 22.8bn
Orkla Foods Europe	NOK 17.3bn
Orkla Food Ingredients	NOK 13.5bn
Orkla Confectionery & Snacks	NOK 7.5bn
Orkla Health	NOK 5.2bn
Orkla India	NOK 2.4bn
Orkla Home & Personal Care	NOK 2.3bn
Pizza Out of Home	NOK 2.2bn
Orkla House Care	NOK 1.4bn
Health and Sports Nutrition	NOK 1.1bn
Pierre Robert Group	NOK 0.5bn
Lilleborg	NOK 0.5bn

Financial Investments

- Hydro Power
- Orkla Eiendom (real estate)

[1] Indicative revenues are R12M as of 30 September 2022 (adjusted for completed acquisitions).
[2] Jotun's operating revenue represents the full company figure from 2021 (100%). Orkla has a 42.6% interest in Jotun.

Financial targets

On our Capital Markets Day in 2021 we presented the following financial targets for Branded Consumer Goods including HQ:

- Annual organic turnover growth of a minimum of 2.5%
- Annual EBIT (adj.) growth of 4–6%

These targets were set before we were impacted by the sharp rises in the prices of raw materials, packaging and energy as a result of the COVID-19 epidemic and the war in Ukraine. The targets must therefore be seen as ambitions in “normal” market conditions, which we did not have in 2022 and do not expect to see in 2023.

The cost inflation that we have experienced has made it necessary to substantially increase prices to our customers. These price increases had a strong positive effect on organic growth in 2022, while EBIT performance was negatively impacted by high cost inflation and the time lag in implementation of price increases.

Organic growth[1] for 2022 was 9.6%, while underlying EBIT (adj.) for Branded Consumer Goods including HQ declined by 9.5%.

We plan to hold another Capital Markets Day in the autumn of 2023. On that occasion, in line with Orkla’s transformation into an investment company, new financial targets will be set for the portfolio companies.

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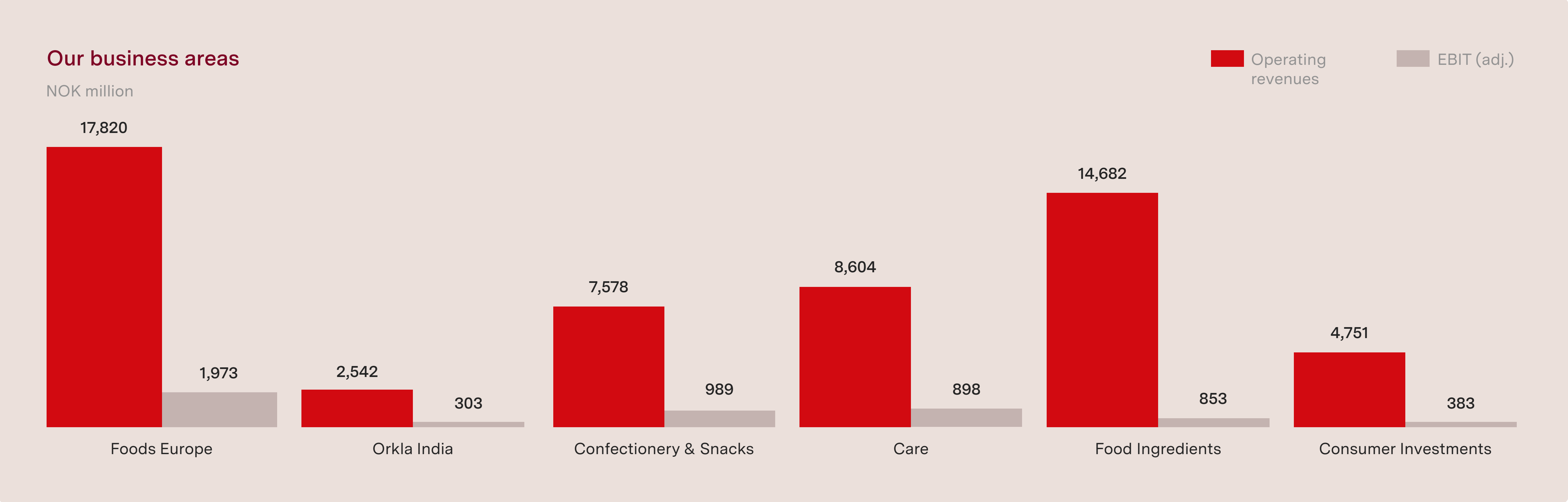
[1] Branded Consumer Goods.

Orkla's business areas in 2022

In 2022, the corporate structure of the Branded Consumer Goods business was changed. The business area Orkla Foods was split into Orkla Foods Europe and Orkla India.

Branded Consumer Goods incl. Headquarters

Operating revenues	Organic growth[1]	No of employees	EBIT (adj.)	EBIT (adj.) margin	EBIT (adj.) growth	EBIT (adj.) margin growth
NOK 55.4 billion	9.6%	20,420	NOK 5.0 billion	9.1%	-7.5%	-1.9%-p


Our business areas

NOK million

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[1] Branded Consumer Goods.

Orkla Foods Europe

Orkla Foods Europe is the largest business area, accounting for 30% of Orkla's operating revenues.

Orkla Foods Europe offers well-known local branded products to consumers in the Nordics, Baltics and Central Europe. The business area holds leading market positions in a wide range of categories, including frozen pizza, ketchup, soups, sauces, bread toppings and ready-to-eat meals, in addition to plant-based and sustainable products. Orkla Foods Europe primarily sells its products through the grocery channel, but also holds strong positions in food service, convenience stores and petrol stations. Its many widely known brands include Grandiosa, TORO, Stabburet, Felix, Paulúns, NATURLI'®, Abba, Beauvais, Den Gamle Fabrik, Spilva and Vitana.

Key figures

Operating revenues
NOK 17.8 billion

EBIT (adj.) growth
-12.0%

Number of employees
5,979

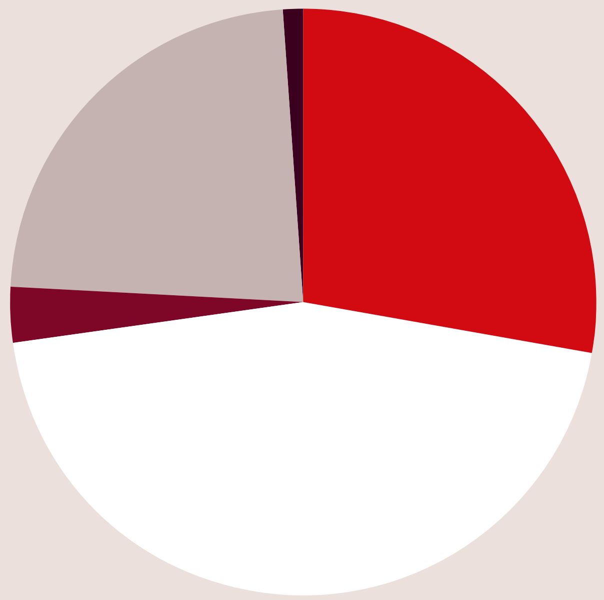
Organic growth
7.2%

EBIT (adj.) margin
11.1%

EBIT (adj.)
NOK 2.0 billion

EBIT (adj.) margin growth
-2.2%-p

Sales revenues by geographical region*



	Share
● Norway	28%
○ Nordics excl. Norway	45%
● Baltics	3%
● Rest of Europe	23%
● Rest of world	1%

*Excluding intercompany sales and other operating revenues.

Orkla India

Orkla India’s turnover accounts for 4% of Orkla’s operating revenues.

Orkla India consists of the companies MTR Foods and Eastern Condiments. Orkla India has strong, market-leading brands, within its home markets of Kerala and Karnataka, as well as in Andhra Pradesh. In addition, a large share of sales are export sales. The largest categories are ready-to-eat meals, spices, snacks, beverages and rice.

Key figures

Operating revenues
NOK 2.5 billion

EBIT (adj.) growth
32.9%

Number of employees
3,318

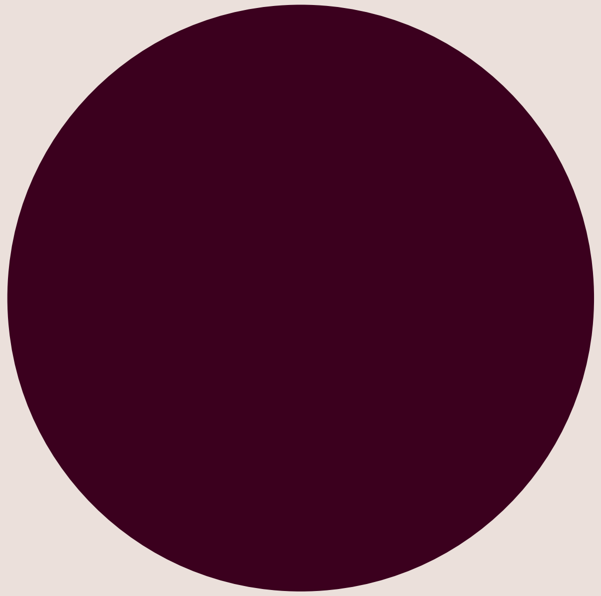
Organic growth
15.5%

EBIT (adj.) margin
11.9%

EBIT (adj.)
NOK 0.3 billion

EBIT (adj.) margin growth
-0.3%-p

Sales revenues by geographical region*



	Share
● Norway	0%
○ Nordics excl. Norway	0%
● Baltics	0%
● Rest of Europe	0%
● Rest of world	100%

*Excluding intercompany sales and other operating revenues.

Orkla Confectionery & Snacks

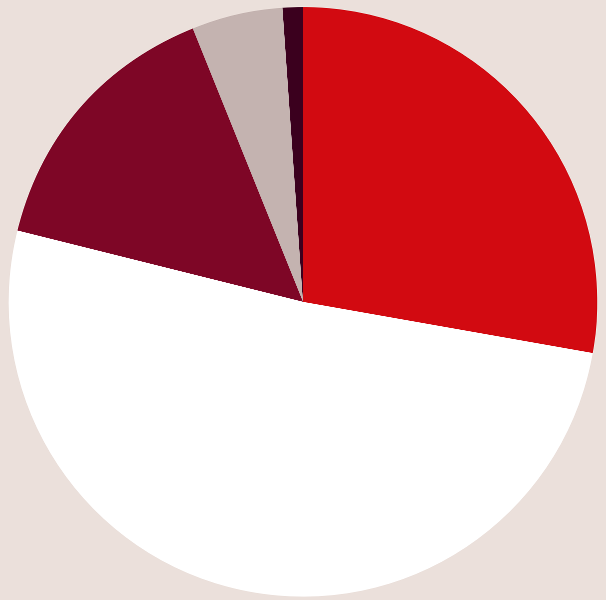
Orkla Confectionery & Snacks' turnover accounts for 13% of Orkla's operating revenues.

Orkla Confectionery & Snacks holds leading positions in the confectionery, biscuits and snacks categories in the Nordics and Baltics. Norway is its single largest market. Its many well-known brands include KiMs, Nidar, Stratos, Sætre, Göteborgs Kex, OLW, Panda, Laima, Selga, Taffel, Kalev and Nói Síríus.

Key figures

Operating revenues NOK 7.6 billion	**EBIT (adj.) growth** -11.1%	**Number of employees** 3,049
Organic growth 5.2%	**EBIT (adj.) margin** 13.1%	
EBIT (adj.) NOK 1.0 billion	**EBIT (adj.) margin growth** -2.1%-p	

Sales revenues by geographical region*



	Share
● Norway	28%
○ Nordics excl. Norway	51%
● Baltics	15%
● Rest of Europe	5%
● Rest of world	1%

*Excluding intercompany sales and other operating revenues.

Orkla Care

Orkla Care represents 15% of Orkla's operating revenues.

Orkla Care has home markets in the Nordics, Baltics, Poland and Spain, in addition to exporting substantial volumes to outside markets. Its largest business units are Orkla Home & Personal Care, which holds leading positions in the personal care and cleaning product segments, and Orkla Health, which has strong dietary supplement, sports nutrition and weight control brands. Through Orkla Wound Care, Orkla Care also holds market-leading positions in wound care and first aid equipment in several European countries. HSNG runs the Gymgrossisten, Proteinfabrikken, Bodystore and Fitnessmarket e-commerce portals, and is the largest e-commerce operator in the Nordic region in health and sports nutrition. Well-known brands include Zalo, Jif, Bliw, Grumme, Blenda, Define, Möller's, Collett, Nutrilett, Maxim, Norgesplaster and Salvequick.

Key figures

Operating revenues
NOK 8.6 billion

EBIT (adj.) growth
-15.8%

Number of employees
2,324

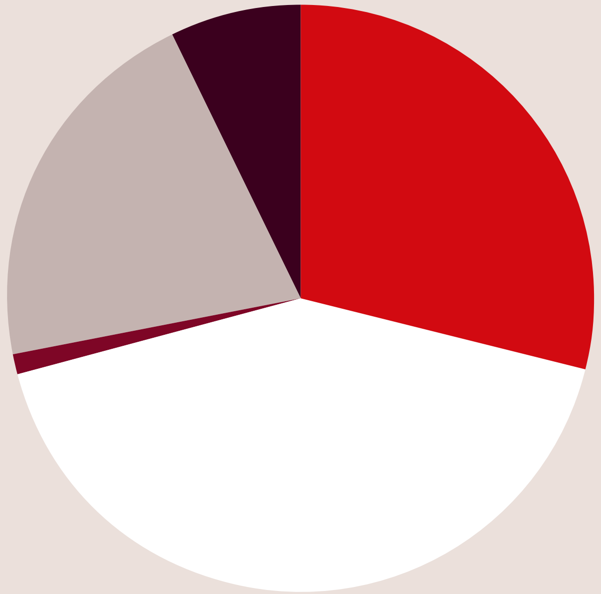
Organic growth
5.3%

EBIT (adj.) margin
10.4%

EBIT (adj.)
NOK 0.9 billion

EBIT (adj.) margin growth
-4.0%-p

Sales revenues by geographical region*



	Share
● Norway	29%
○ Nordics excl. Norway	42%
● Baltics	1%
● Rest of Europe	21%
● Rest of world	7%

*Excluding intercompany sales and other operating revenues.

Orkla Food Ingredients

Orkla Food Ingredients accounts for 25% of Orkla's operating revenues.

Orkla Food Ingredients is the leading supplier of bakery and ice cream ingredients in the Nordics and Baltics, and holds positions in selected European countries and the USA. The business area manufactures, sells and distributes ingredients and products to the bakery and ice cream market, as well as products in plant-based categories, in 23 countries. Around 55% of sales are made through the Out of Home channel, and around 25% are direct-to-consumer sales under well-known brands such as Odense, Mors Hjemmebakte, KronJäst, Bakkedal and NATURLI'®. The remaining 20% are sales to industrial producers which chiefly produce and supply goods to the grocery channel.

Key figures

Operating revenues
NOK 14.7 billion

EBIT (adj.) growth
32.0%

Number of employees
4,060

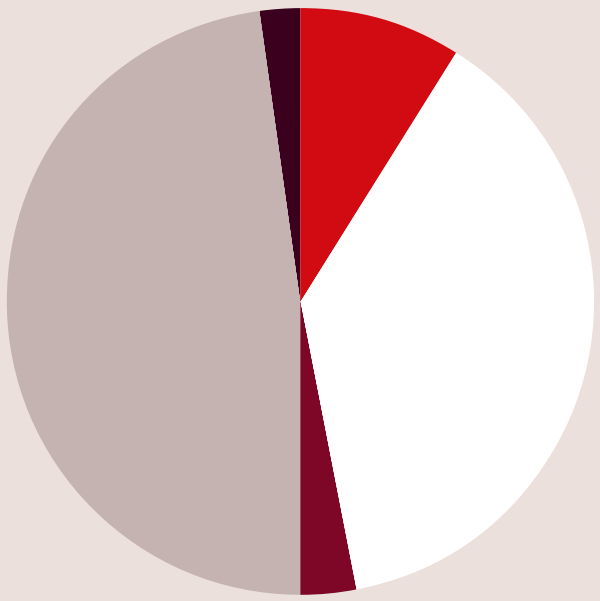
Organic growth
20.5%

EBIT (adj.) margin
5.8%

EBIT (adj.)
NOK 0.9 billion

EBIT (adj.) margin growth
0.4%-p

Sales revenues by geographical region*



	Share
● Norway	9%
○ Nordics excl. Norway	38%
● Baltics	3%
● Rest of Europe	48%
● Rest of world	2%

*Excluding intercompany sales and other operating revenues.

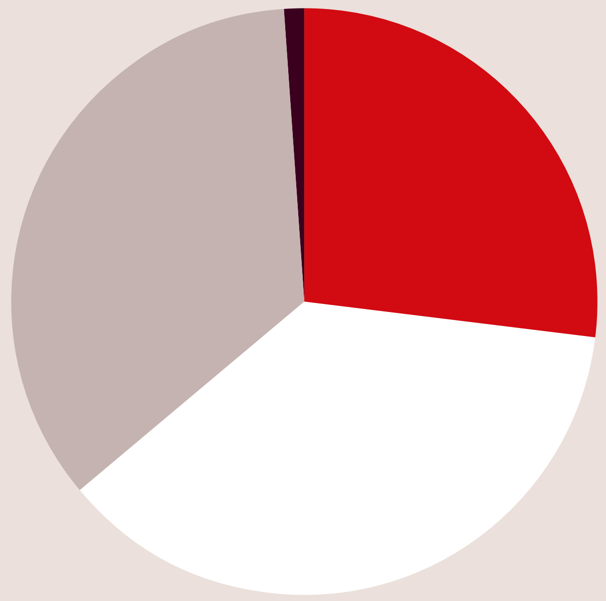
Orkla Consumer & Financial Investments

The Orkla Consumer & Financial Investments business area consists of two areas:

Orkla Consumer Investments

Orkla Consumer Investments accounts for 8% of Orkla's operating revenues. Orkla Consumer Investments comprises the business units Orkla House Care, which holds leading positions in the painting tool market, Lilleborg, with professional cleaning products, and Pierre Robert Group, a supplier of basic and wool garments for men, women and children. Orkla Consumer Investments also comprises pizza franchise outlets (Out of Home) through Kotipizza Group, Da Grasso, and New York Pizza.

Sales revenues by geographical region*



	Share
● Norway	27%
○ Nordics excl. Norway	37%
● Baltics	0%
● Rest of Europe	35%
● Rest of world	1%

*Excluding intercompany sales and other operating revenues.

Key figures – Orkla Consumer Investments

Operating revenues
NOK 4.8 billion

EBIT (adj.) growth
-23.1%

Number of employees
1,285

Organic growth
0.6%

EBIT (adj.) margin
8.1%

EBIT (adj.)
NOK 0.4 billion

EBIT (adj.) margin growth
-3.7%-p

Industrial & Financial Investments

Orkla has some investments outside its Branded Consumer Goods business which are organised under Industrial & Financial Investments. This area comprises our associate Jotun (42.6% ownership interest) and the consolidated businesses Hydro Power, Orkla Eiendom (real estate) and Orkla Ventures.

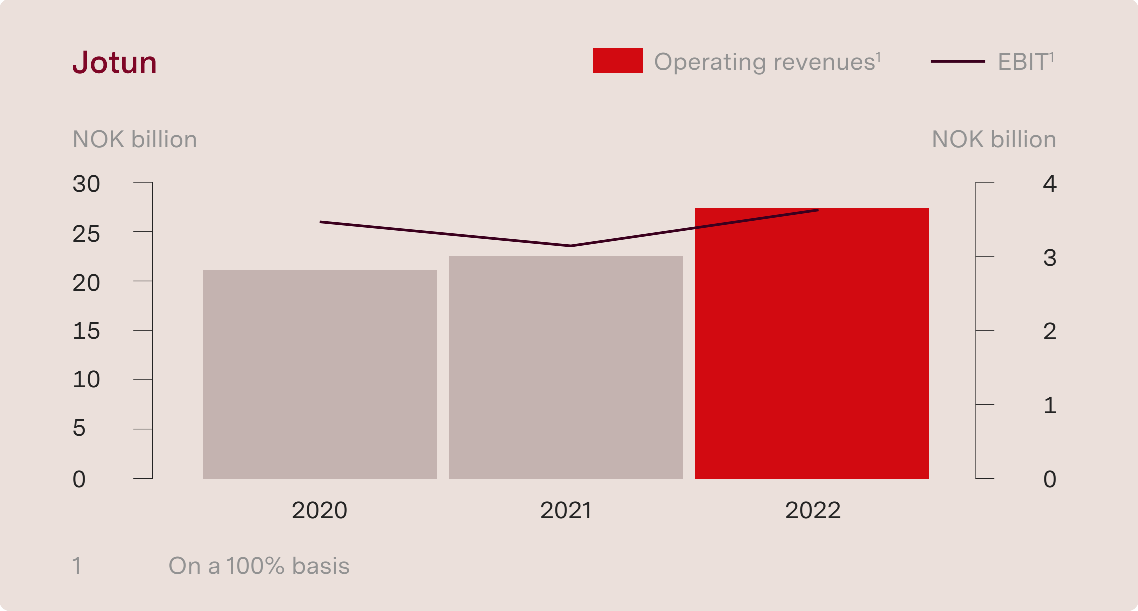
Jotun

Jotun is one of the leading global manufacturers of paint and powder coatings. Jotun's worldwide activities consist of the development, production, marketing and sale of a variety of paint systems, and are organised in the four segments Decorative Paints, Marine Coatings, Protective Coatings and Powder Coatings.

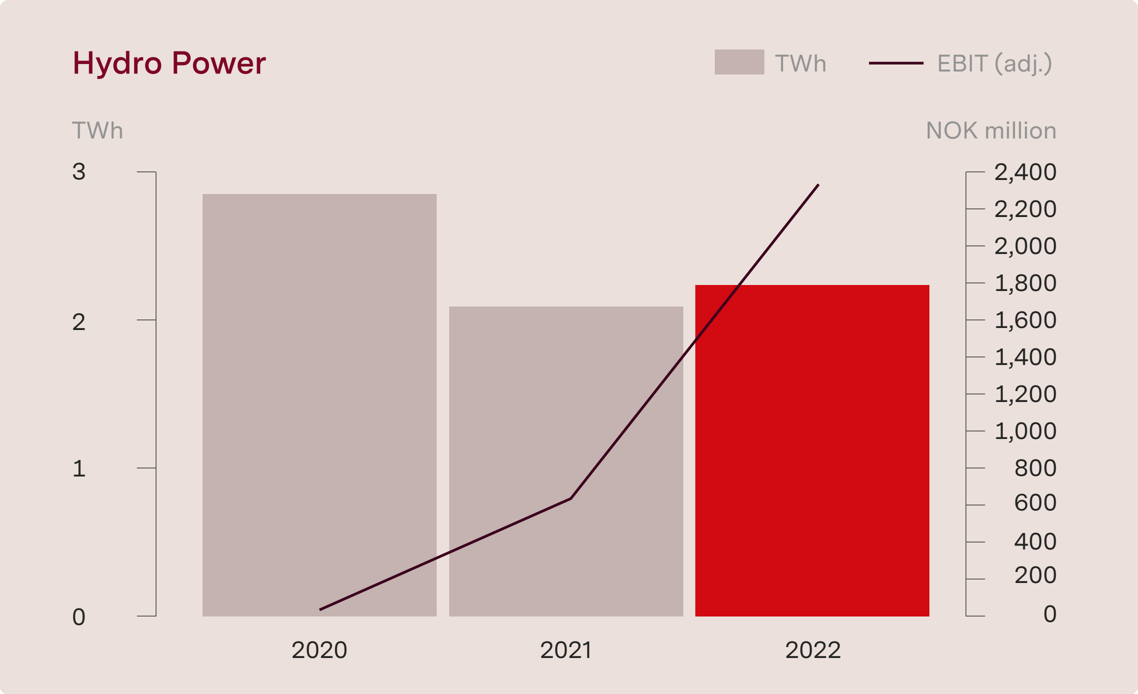
The company's main markets are the Middle East, India, Africa, Northeast Asia, Southeast Asia and Scandinavia, and Jotun is represented in over 100 countries. Jotun is accounted for using the equity method and presented on the line "Profit/loss from associates and joint ventures" in Orkla's consolidated financial statements.

Hydro Power

Hydro Power consists of Orkla's wholly-owned power plants in Sarpsfoss and an 85% interest in the Saudefaldene power company. The power operations in Sauda are regulated by a lease with Statkraft that will run until 31 December 2030. Hydro Power generates and supplies electricity to the Nordic power market, and produces an average annual volume (2013–2022) totalling 2.4 TWh, of which around 1 TWh is a fixed delivery commitment with a zero net effect on profit.



[1] On a 100% basis

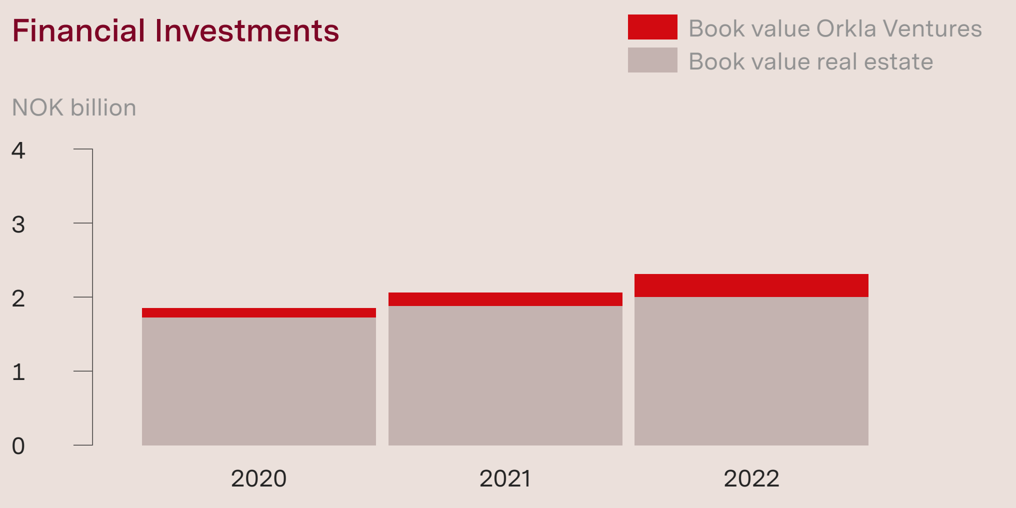


Orkla Eiendom

Orkla Eiendom (real estate) focuses on investment in and the development and sale of properties primarily related to Orkla's activities. It also manages Orkla's headquarters. In addition, Orkla Eiendom meets the group's needs for specialised expertise in the real estate sector. As at 31 December 2022, Orkla's real estate investments had a book value of NOK 2 billion.

Orkla Ventures

Orkla Ventures was established in 2017 to reach out to a growing universe of entrepreneurial businesses and start-up companies. Orkla Ventures invests in technology, concepts and business models of relevance for Orkla's businesses.



2. Board of Directors’ Report, Corporate Governance and Executive Remuneration Report

Report of the Board of Directors 2022

In 2022, Orkla focused on sustainable growth and long-term value creation, and the group made acquisitions of several strategically important companies. Orkla's operations were widely impacted by the war in Ukraine in 2022 which, combined with the aftermath of the COVID-19 pandemic, led to steep cost increases in every part of Orkla's value chain. Price increases were implemented to compensate for increased input costs. There was also a substantial increase in costs other than input costs in 2022, which will be countered with reinforced cost improvement programmes in 2023.

All alternative performance measures (APM) are presented on page 308. Figures in parentheses refer to the corresponding period of the previous year.

Operations in 2022

Orkla increased turnover by 15.8% in 2022 as a result of organic growth in the Branded Consumer Goods business and contributions from acquired businesses, as well as higher revenues from Hydro Power. The group's EBIT (adj.) grew by 20.6% in 2022, driven by strong profit improvement for Hydro Power due to high power prices in Norway in 2022, and acquisitions. Operating profit rose by 20.4% in 2022.

Branded Consumer Goods achieved organic growth of 9.6% in 2022. There was growth for all business areas, mainly due to price increases. The activity level in the Out of Home sector in 2022 increased, while sales in the grocery channel normalised after the pandemic. Branded Consumer Goods incl. Headquarters saw a decline in EBIT (adj.) of 7.5%, year over year, as a result of a sharp rise in input costs, high growth in costs other than input costs and increased advertising spend.

In 2022 it was decided that Orkla is to be transformed into a leading industrial investment company. The purpose of the change is to create greater autonomy and responsibility in the individual portfolio companies in order to improve long-term value creation, and allow for greater structural flexibility. The scope of activity will be brands and consumer-oriented companies, and Orkla will continue to build on its deep consumer insight and experience of developing leading brands. At the same time, there will be more active portfolio management and, over time, Orkla will reorient large parts of its portfolio towards fast-growing, profitable consumer segments and markets.

Operating revenues by business area

Business area	Share
● Orkla Foods Europe	30%
● Orkla India	4%
○ Orkla Confectionery & Snacks	13%
● Orkla Care	15%
● Orkla Food Ingredients	25%
● Orkla Consumer Investments	8%
○ Industrial & Financial Investments	5%

Twelve autonomous portfolio companies will be established in Orkla with effect from 1 March 2023: Jotun (42.6% interest), Orkla Foods Europe, Orkla Food Ingredients, Orkla Confectionery & Snacks, Orkla Health, Orkla Home and Personal Care, Orkla India, Pizza Out of Home, Orkla House Care, Health and Sports Nutrition Group, Pierre Robert Group and Lilleborg. Orkla will pursue a long-term, industrial approach to the portfolio companies as an active owner, interacting with the companies through the company boards. The Hydro Power energy business and the real estate investments in Orkla Eiendom will be organised under Financial Investments, and three business service companies will be established to ensure that Orkla continues to realise key synergies.

Description of structural changes (M&A)

Throughout 2022, the group continued to maintain focus on structural growth in order to strengthen Orkla's position as a leading branded consumer goods company. Much of the structural growth in 2022 has stemmed from the group's three priority growth areas: 1) Plant-based, 2) Consumer health and 3) Out of Home.

Orkla Foods Europe

In December 2022, Orkla entered into an agreement to acquire 100% of the shares in Khell-Food Kft., the largest producer of ready-made sandwiches and baguettes on the Hungarian market. The purchase was completed in February 2023 and the company will be consolidated into Orkla's financial statements as of 1 March 2023.

Orkla Confectionery & Snacks

Orkla has sold its convenience business in Latvia and Lithuania, which largely consisted of the sale of fresh sandwiches through convenience stores and petrol stations. The business has been organised in the subsidiaries Margiris UAB (Lithuania) and SIA Fresh Food Production (Latvia). Margiris UAB ceased to be included in Orkla's financial reporting as of 1 June 2022 and SIA Fresh Food Production as of 1 October 2022.

In December 2022, Orkla entered into an agreement to purchase 100% of the shares in Bubs Godis AB ("Bubs"). Bubs is a fast-growing company holding strong positions in the Swedish confectionery market, in addition to selling to other Nordic countries. The acquisition was completed in February 2023. Bubs Godis AB was consolidated into Orkla's financial statements as of 1 February 2023.

Orkla Care

In January 2022, Orkla purchased 95% of the shares in Vesterålen Marine Olje AS. The company is an important supplier of raw materials for Möller's Tran cod liver oil and is therefore a strategically important acquisition for Orkla in terms of both the health category and sustainability. The company was consolidated into Orkla's financial statements as of 1 January 2022.

Orkla acquired 100% of the shares in Healthspan Group Limited in February 2022. Healthspan is a leading supplier of dietary supplements in the UK market, and offers a broad range of dietary supplements and skin care products, with the majority of sales being made directly to consumers. The company was consolidated into Orkla's financial statements as of 1 March 2022.

In December 2022, Orkla Health purchased the remaining 50% of the shares in Lofoten Marine Oil AS. Orkla has had a 50% interest in the company and Lofoten Marine Oil has been reported as an associate. The company was consolidated into Orkla's financial statements as of 1 December 2022.

Orkla Food Ingredients

Orkla acquired 70% of the shares in the Belgian company Hadecoup in April 2022. Orkla thereby strengthened its position in the sale and distribution of ice cream ingredients and accessories in the Benelux region. The company was consolidated into Orkla's financial statements as of 1 April 2022.

In October 2022, Orkla purchased 84% of the shares in Denali Ingredients, a leading ice cream ingredient company in the USA. The acquisition has strengthened Orkla's position as a leading supplier of ingredients to the ice cream and chocolate industry, and increased its exposure to higher-growth markets and categories. At the same time, a process was initiated to seek a long-term partner for Orkla Food Ingredients. The company was consolidated into Orkla's financial statements as of 1 November 2022.

Orkla Consumer Investments

In September 2022, Orkla purchased 74% of the shares in Da Grasso, one of Poland's leading pizza franchise chains with 193 outlets. The company was consolidated into Orkla's financial statements as of 1 January 2023.

For more information on the acquisition and disposal of businesses, see Note 5.

Results in 2022

The group

Condensed income statement

Amounts in NOK million	2022	2021
Operating revenues	58,391	50,441
EBIT (adj.)	**7,411**	**6,145**
Other income and expenses	(514)	(415)
Operating profit	**6,897**	**5,730**
Profit/loss from associates and joint ventures	861	855
Interest and financial items, net	(413)	(219)
Profit/loss before tax	**7,345**	**6,366**
Taxes	(2,077)	(1,468)
Profit/loss for the year	**5,268**	**4,898**

The increase of 15.8% in operating revenues in 2022 was a result of organic growth in Branded Consumer Goods and contributions from acquisitions, as well as increased revenues for Hydro Power due to higher power prices in Norway. There was organic growth in all business areas, mainly driven by price increases to compensate for steep increases in input costs. Orkla Food Ingredients experienced particularly good growth in the Out of Home segment, largely due to normalisation after the COVID-19 pandemic. There was strong growth in Orkla India across important categories in its home market, and normalisation of export sales after the pandemic.

Group EBIT (adj.) grew by 20.6% in 2022. Growth was driven by strong improvement for Hydro Power, partly offset by a profit decline in Branded Consumer Goods. For further comments on Branded Consumer Goods, see the section on "Comments on the profit performance of the individual business areas".

The group's "other income and expenses" were higher in 2022, year over year. In 2022 there were expenses related to acquisitions and integration of new companies, and to several restructuring and improvement projects in the group. There were also costs related to the write-down of activities in Russia, and the write-down of the Harris brand in Orkla House Care and minor brands in Orkla Health. Other income included sales of real estate and businesses. See Note 14 for more information on the group's "Other income" and "Other expenses".

Profit from associates and joint ventures mainly consists of Orkla's 42.6% ownership interest in Jotun. The investment is presented using the equity method. In 2022, Jotun delivered a contribution of NOK 876 million, compared with NOK 851 million in 2021. Higher sales volumes and increased prices resulted in strong top-line growth, but the profit margin was under pressure due to high raw material prices.

Interest and financial items amounted to NOK -413 million in 2022, compared with NOK -219 million in the previous year. The increase was chiefly due to the fact the average borrowing rate rose by 0.9%-points to 2.4% in 2022. Average gross interest-bearing liabilities excluding lease liabilities totalled NOK 15.5 billion in 2022, compared with NOK 11.5 million in 2021.

Orkla is subject to ordinary company tax in the countries in which the group operates. The tax rate (adjusted for profit from associates) for the 2022 financial year was 32.0%, compared with 26.6% in 2021. The year-over-year change in the tax rate is mainly due to higher 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 currency market fluctuations and the slightly stronger Norwegian krone, the group had negative currency translation effects in 2022 of NOK 498 million on operating revenues and NOK 44 million on EBIT (adj.).

Earnings per share in 2022 were NOK 5.04, compared with NOK 4.82 in 2021. Adjusted earnings per share were NOK 5.46, compared with NOK 5.17 in 2021.

Financial situation and capital structure

Cash flow

The comments below are based on the cash flow statement as presented in Orkla's internal format (see Note 7). Cash flow from operations from Branded Consumer Goods incl. Headquarters was substantially lower in 2022 than in 2021, primarily due to increased working capital. At the end of 2022, working capital was negatively impacted by increased inventory value as a result of significantly higher raw material costs, and increased safety stocks. Furthermore, customer receivables increased due to turnover growth.

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

In Industrial & Financial Investments, cash flow from operations as at 31 December 2022 were significantly higher, year over year, due to good profit improvement for Hydro Power.

Taxes paid were substantially higher at the end of 2022, year over year, primarily due to higher taxes in Hydro Power on profit in 2021. Dividends received were mainly related to Jotun. Financial items were higher, year over year, due to higher interest rates.

Dividends paid and the purchase/sale of treasury shares largely consisted of dividends paid totalling NOK 3,047 million. Net sales of Orkla shares amounted to NOK 43 million as at 31 December 2022. For further details regarding treasury shares, see Note 9.

Cash flow Orkla format

Amounts in NOK million	2022	2021
Cash flow from Branded Consumer Goods incl. HQ		
EBIT (adj.)	5,025	5,433
Depreciation and amortisation	2,096	1,924
Change in net working capital	(2,415)	(456)
Net replacement investments	(2,773)	(2,625)
Cash flow from operations (adj.)	**1,933**	**4,276**
Cash flow effect “Other income” and “Other expenses” and pensions	(421)	(525)
Cash flow from operations Branded Consumer Goods incl. HQ	**1,512**	**3,751**
Cash flow from operations Industrial & Financial Investments	**2,316**	**692**
Taxes paid	(1,400)	(907)
Dividends received, financial items and other payments	(63)	139
Cash flow before capital transactions	**2,365**	**3,675**
Dividends paid and sale/buyback of Orkla shares	(3,004)	(3,130)
Cash flow before expansion	**(639)**	**545**
Expansion investments	(447)	(486)
Sales of companies (enterprise value)	132	0
Purchases of companies (enterprise value)	(3,099)	(7,030)
Net cash flow	**(4,053)**	**(6,971)**
Currency effects of net interest-bearing liabilities	(377)	593
Charge in net interest-bearing liabilities	**4,430**	**6,378**
Net interest-bearing liabilities	**17,188**	**12,758**

Expansion investments included investments to increase production and warehouse capacity, primarily in Orkla Foods Europe, Orkla Food Ingredients and Orkla Care.

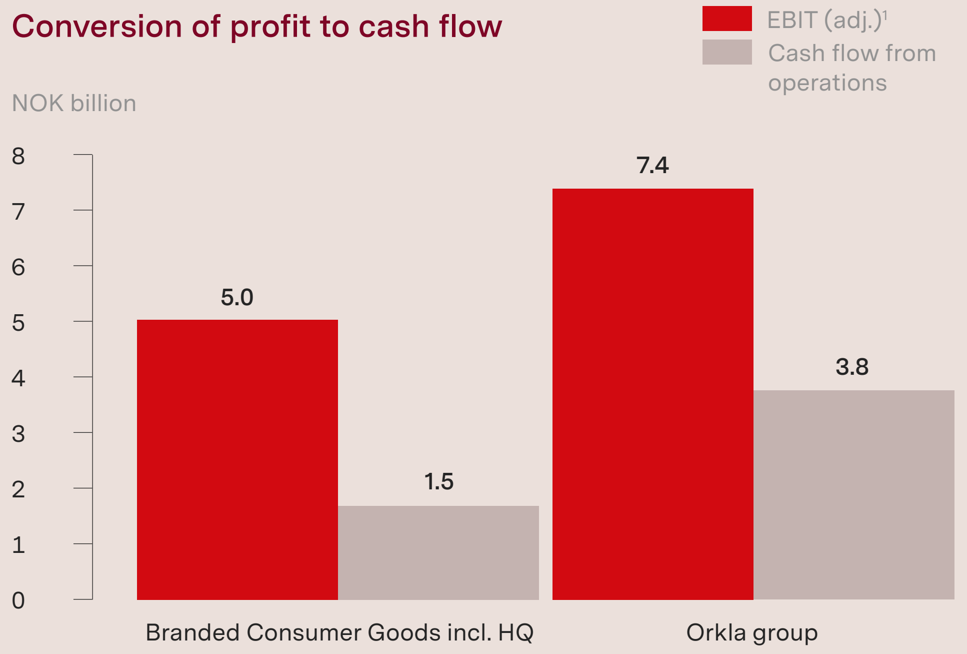
Acquisitions of companies totalled NOK -3,099 million as at 31 December 2022 and largely consisted of the purchase of 84% of the shares in Denali Ingredients, 74% of the shares in Da Grasso, 100% of the shares in Healthspan Group Limited, and 95% of the shares in Vesterålen Marine Olje AS. Disposals of companies amounted to NOK 132 million at year-end and chiefly consisted of the sale of the Alvo Park property in Latvia, the sale of property in Orkla Foods Česko a Slovensko, and the sale of the convenience business in Orkla Latvija.

Net cash flow for the group amounted to NOK -4,053 million. Negative currency translation effects due to the weaker Norwegian krone increased net interest-bearing liabilities by NOK 377 million. As at 31 December 2022, net interest-bearing liabilities excluding lease liabilities totalled NOK 15,217 million. Including lease liabilities under IFRS 16, net interest-bearing liabilities totalled NOK 17,188 million.

As at 31 December 2022, the equity ratio was 53.5%, compared with 55.8% year over year. The average time to maturity of interest-bearing liabilities and unutilised credit lines is 3.6 years. Orkla's financial position is robust, with cash reserves and credit lines that exceed future known capital needs.

In January 2022, Orkla announced that it had been awarded a credit rating of A-, with a stable outlook, by Scope Ratings GmbH. An analysis updated in January 2023 resulted in the same credit rating.

Conversion of profit to cash flow



[1] Operating profit before other income and expenses.

Contracts and financial hedge instruments

Orkla has a number of purchasing contracts, typically with a term of 6-12 months. 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

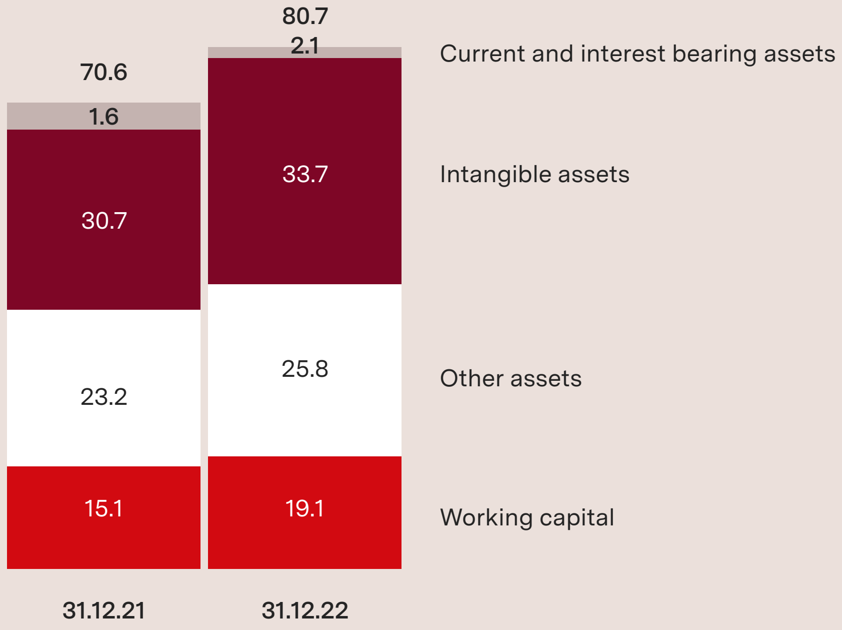
The consolidated statement of financial position totalled NOK 80.7 billion at year end, compared with NOK 70.6 billion at the end of 2021. Net interest-bearing liabilities as at 31 December 2022 totalled NOK 17.2 billion including lease liabilities, compared with NOK 12.8 billion as at 31 December 2021. This implies a net interest-bearing debt to EBITDA ratio of 1.8 in the past 12 months, which is within Orkla's goal of maintaining this key figure at less than 2.5 over time. Orkla's financial position is robust, with cash reserves, credit lines and the flexibility to support its business priorities. Group equity totalled NOK 43.2 billion at the end of 2022, with an equity ratio of 53.5%, compared with 55.8% year over year.

The Orkla share

At the end of 2022, there were 997,143,990 shares outstanding, and Orkla owned 4,286,980 treasury shares. The number of shareholders was 51,062, compared with 49,579 at the end of 2021. The proportion of shares held by foreign investors increased by 2%-points to 49%. The Orkla share was priced at NOK 70.94 at the end of the last trading day in 2022. At year-end 2021, the share price was NOK 88.36. Taking into account the dividend, the return on the Orkla share was -16.5% in 2022, while the return on the Oslo Stock Exchange Benchmark Index (OSEBX) was -1.0%. Orkla shares were traded on the Oslo Stock Exchange for a total of NOK 29.0 billion in 2022. See page 312 for further information on shares and shareholders.

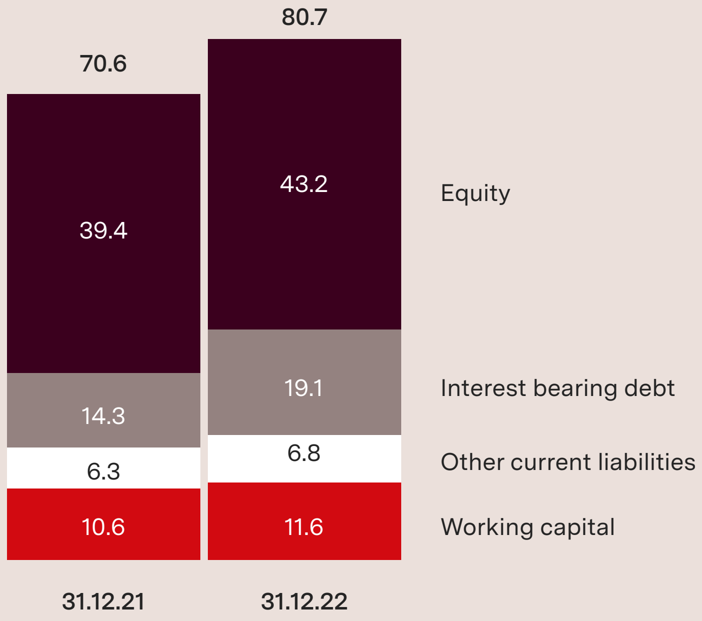
Assets

Amounts in NOK billion



Equity and liabilities

Amounts in NOK billion



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. Orkla has adopted a structured approach to identifying risk factors in its operations and taking action to mitigate risk. In accordance with the group's Risk Management instructions, risk assessments must be carried out routinely in all entities, and presented to and discussed by the internal boards of directors as part of the budget process. When important decisions are to be made on matters such as acquisitions, disposals and major investments, the same requirement applies to risk assessment as in connection with routine risk management.

The entities' risk assessments are consolidated to create an overall risk picture for Orkla, which also includes a longer-term, systematic risk assessment. Orkla's overall risk picture is reviewed by the Orkla Management Team and the Board's Audit Committee and discussed by the Board of Directors.

There is high customer concentration in Orkla's main geographical markets and the proportion of the retail trade's private labels is growing in some categories. In 2022, prices of key inputs and raw materials increased. To maintain volumes and ensure profitability, it is important to engage in close dialogue with customers, build long-term relationships, establish campaigns that have value for both Orkla and its customers, and focus continuously on strengthening the position and consumer perception of Orkla products.

Changing customer preferences and trends pose a risk if Orkla fails to keep close track of developments and make necessary adjustments. Growing inflation and higher interest rates in Europe, entailing a risk of weaker purchasing power, affects consumer behaviour. There is also a risk of changes in consumer preferences with regard to health, nutrition and sustainability. To mitigate this risk, Orkla emphasises the importance of good consumer insight, experience-sharing and consumer testing, as well as close collaboration with customers. There is continuous focus on trends in Orkla's innovation work and product launches.

At the end of 2022, Orkla's biscuit factory in Kungälv, Sweden was closed and all biscuit production was moved to a new biscuit factory in Latvia. During the start-up phase, there is deemed to be a certain risk related to delivery performance and ramp-up costs. In light of the scope of the project, this process is being followed up closely by dedicated staff and management at central level.

In 2022 input costs rose significantly. Orkla is to some extent exposed to spot prices in the raw material market, but to a larger degree enters into long-term purchasing contracts in order to increase the predictability of input costs. There has also been uncertainty in regard to the availability of selected inputs. Orkla follows up suppliers to ensure a sufficient supply of raw materials at all times, and considers using alternative raw materials in production.

IT threats are more and more serious and occur in every part of the value chain, and in 2022 the frequency of attacks on production companies has risen. Orkla is increasingly dependent on IT systems and the proper handling of information. The primary risk-mitigating measures include emergency preparedness plans, employee training and awareness-raising, mapping of the group's IT infrastructure and updating of older IT infrastructure.

Inadequate food safety can potentially have major consequences for consumers, and the possibility of significant amendments in legislation related to the regulation of the content of food products could have consequences for Orkla. Orkla’s central food safety team focuses continuously on improvement processes and audits of Orkla factories, carries out supplier audits, and keeps close track of potential new regulations.

Climate changes can cause floods, earthquakes and other natural disasters. Orkla makes assessments of both new and existing factory locations to determine how exposed they are to natural disasters. There is an inherent risk of fire, occupational accidents and other serious incidents in Orkla’s production environments. Occupational safety is monitored through routine audits, and sickness absence is measured and followed up. Webinars and e-learning courses are also held on important topics.

Comments on the profit performance of the individual business areas

Orkla is a leading supplier of branded goods and concept solutions to the consumer, food service and bakery markets in the Nordics, Baltics and selected countries in Central Europe and India. The group also holds strong positions in selected product categories in other markets. In 2022 Orkla's Branded Consumer Goods business consisted of the six business areas Orkla Foods Europe, Orkla India, Orkla Confectionery & Snacks, Orkla Care, Orkla Food Ingredients and Orkla Consumer & Financial Investments. Orkla Foods was split into Orkla Foods Europe and Orkla India as from the second quarter of 2022. Orkla Consumer & Financial Investments comprises the two areas Orkla Consumer Investments, which is part of Branded Consumer Goods, and Industrial & Financial Investments which comprises investments outside Branded Consumer Goods, primarily Orkla Eiendom (real estate), Hydro Power and Orkla's ownership interest in Jotun. For further details regarding the individual business areas in Branded Consumer Goods, and Orkla Industrial & Financial Investments, see Note 7. Associates consist chiefly of Jotun (42.6% interest); see Note 6.

The financial statements of the holding company Orkla ASA cover all activities at Orkla Headquarters. These activities include the group's executive management and the following shared and centralised functions:

- Group Functions
    - Group HR
    - Compensation & Benefits
    - Legal & Compliance
    - Sustainability
    - Environment, Health & Safety (EHS)
    - Orkla Services
    - Internal Audit
- Group Finance
- Corporate Communication & Corporate Affairs
- Strategy and M&A
- Group Sales
- Orkla Marketing & Innovation
- Orkla Group Procurement
- Orkla IT

The departments carry out parent-company responsibilities within the group, and perform assignments and provide support for the group's operational companies, charging them for these services.

Branded Consumer Goods incl. Headquarters

	Operating revenues		Organic growth (%)	EBIT (adj.)		EBIT (adj.)-margin (%)	
Amounts in NOK million	2022	Δ (%)	2022	2022	Δ (%)	2022	Δ (%-p)
Orkla Foods Europe	17,820	5.5	7.2	1,973	-12.0	11.1	-2.2
Orkla India	2,542	36.0	15.5	303	32.9	11.9	-0.3
Orkla Confectionery & Snacks	7,578	3.3	5.2	989	-11.1	13.1	-2.1
Orkla Care	8,604	16.4	5.3	898	-15.8	10.4	-4.0
Orkla Food Ingredients	14,682	22.2	20.5	853	32.0	5.8	0.4
Orkla Consumer Investments	4,751	13.0	0.6	383	-23.1	8.1	-3.7
Orkla Headquarters				-374	-3.6		
Total Branded Consumer Goods*	**55,402**	**12.6**	**9.6**	**5,025**	**-7.5**	**9.1**	**-1.9**

Operating revenues, change as %	FX	Structure	Organic growth	Total
Branded Consumer Goods	-1.0	4.0	9.6	12.6

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* EBIT (adj.) and EBIT (adj.)-margin including Headquarters. Intercompany sales between business areas have been eliminated.

Branded Consumer Goods

Operating revenues for Branded Consumer Goods increased by 12.6% due to organic growth and acquisitions, partly counteracted by negative currency translation effects. Branded Consumer Goods had organic growth of 9.6% in 2022, with contributions from all business areas. Growth was mainly driven by price increases to compensate for the unusually large increase in input costs.

Orkla is exposed to a broad range of raw material categories. In the course of 2022, prices of key raw materials, energy and other inputs rose substantially. EBIT (adj.) for Branded Consumer Goods incl. Headquarters declined by 7.5% in 2022, mainly due to the fact that top-line growth and structural growth were offset by increased costs, higher advertising spend and negative currency translation effects. The EBIT (adj.) margin for Branded Consumer Goods incl. Headquarters was 9.1% in 2022, compared with 11.0% the previous year. The profit margin was negatively impacted by high cost growth, particularly due to the increased prices of key inputs, and cost inflation has generally been high in most of the markets in which Orkla is present.

Orkla Foods Europe

Operating revenues for Orkla Foods Europe grew by 5.5% in 2022. Structural changes and currency consolidation effects had a negative impact on sales performance. Adjusted for this, organic growth was 7.2%. There was turnover growth in all markets, driven by price increases, while volume performance was negative. Sales growth in the food service, convenience store and petrol station segments was good. Overall, there was also growth in sales to the grocery sector, but reduced consumer purchasing power contributed to a decline in volume, especially in the last half of the year. Sales of plant-based products continued to grow in 2022, but were weaker than in prior years due to lower category growth.

Profit declined in 2022, substantially impacted by a steep increase in raw material, packaging, transport and energy prices. Profit was also weakened by the growing increase in costs other than input costs. As a result, price increases were implemented in every market.

Profit for the year was negatively impacted by both structural changes and currency translation effects. The EBIT (adj.) margin was 11.1% (13.3%).

Orkla India

Operating revenues for Orkla India rose by 36.0% in 2022, while organic growth was 15.5%. Growth was largely affected by both price and volume-related sales growth as a result of good improvement in core categories and markets. Growth in turnover to the grocery trade was good, and export sales gradually normalised after the negative effects of the pandemic, when a large number of India's inhabitants were unable to work abroad. Profit performance was positive in 2022, with growth of 32.9%. Costs increased across key input factors in 2022, making it necessary to implement price increases in all markets. Profit growth was driven by strong turnover growth and improved margins. The EBIT (adj.) margin was 11.9%, down 0.3%-points from 2021.

Orkla Confectionery & Snacks

Operating revenues for Orkla Confectionery & Snacks increased by 3.3% in 2022. Organic growth was 5.2%. Sales growth was driven by price increases, and volume performance was negative. The negative volume performance was related in particular to Norway as a result of normalisation of the market after the COVID-19 pandemic. Overall, market shares were at the same level as in 2021.

EBIT (adj.) was 11.1% lower than in 2021. Part of the decline was ascribable to an internal sale of the Oolannin brand to Orkla Foods Europe. During the year, the costs of raw materials, energy and transport increased significantly. This trend began in the aftermath of the COVID-19 pandemic, but intensified after the breakout of war in Ukraine. In the course of the year, the cost increases were compensated for by price increases, but seen in isolation, this has had a dilutive effect on profit margin. The EBIT (adj.) margin was 13.1% (15.2%).

Orkla Care

Orkla Care had sales growth of 16.4%, positively impacted by structural acquisitions in 2022 and the full-year effect of NutraQ, which was purchased with effect from 1 June 2021. Organic growth for the year was 5.3%. Export sales of oral care products, sunscreens and antiperspirants showed strong growth during the year. Orkla Care saw growth in B2B sales, driven particularly by HSNG and personal hygiene and first-aid products. Orkla Home & Personal Care had a decline in sales in Nordic markets, especially in Norway, driven by category decline in the grocery market after the pandemic. Export sales of omega-3 also declined after a strong 2021.

Profit declined due to higher raw material prices and freight and energy costs, combined with an increase in costs other than input costs, partly as a result of increased activity after markets reopened, but also due to necessary factory maintenance and costs related to the implementation of new IT systems. The EBIT (adj.) margin was 10.4% (14.4%).

Orkla Food Ingredients

Operating revenues for Orkla Food Ingredients rose by 22.2% in 2022, of which 20.5% was organic growth. Acquisitions made a positive contribution, but this was counteracted to some extent by negative currency translation effects. The organic growth was broad-based across categories and geographies, and was mainly related to increased selling prices to offset higher raw material prices. Volume performance was also positive, mainly related to the first half of 2022. This contributed to profit growth, to some extent counteracted by increased costs as a result of cost inflation in both raw material and other costs such as transport and energy. Higher activity as a result of normalisation after the COVID-19 pandemic has also led to higher costs. Profit growth was particularly good in bakery ingredients and for margarine products. The EBIT (adj.) margin was 5.8%, equivalent to a year-over-year improvement of 0.4%-points.

Orkla Consumer Investments

Operating revenues for Orkla Consumer Investments increased by 13.0% in 2022, chiefly due to the acquisition of New York Pizza and the related acquisitions of pizza franchise restaurants in Germany in the second half of 2021. There were negative currency translation effects in 2022. Organic growth was 0.6%. Strong sales growth in Out of Home pizza contributed positively, but this was offset to some extent by a sales decline in Orkla House Care, driven by normalisation after the COVID-19 pandemic and a negative performance in the UK. Reported EBIT (adj.) for the business area declined by 23.1% despite the positive contribution from the acquisition of New York Pizza, driven by reduced demand for painting tools in Orkla House Care. All businesses, except for Kotipizza, saw a profit decline due to higher energy and raw material costs, in addition to generally high growth in costs.

The EBIT (adj.) margin was 8.1%, compared with 11.8% in 2021.

Orkla Headquarters

EBIT (adj.) from Headquarters amounted to NOK -374 million in 2022, compared with NOK -361 million in 2021. The decline is due to higher personnel costs at Orkla Headquarters. This was partly offset by reduced bonus costs and the transfer of a digital sales unit to the Branded Consumer Goods business.

Industrial & Financial Investments

Jotun (42.6% interest)

Amounts in NOK million	2022	2021
Operating revenues (100%)	27,858	22,809
EBIT (100%)	3,737	3,138
Contribution to profit	876	851

Jotun achieved record-high turnover and profit in 2022, driven by sales growth in all four segments. The growth in sales was especially strong in Marine Coatings, driven by high activity in the marine newbuildings industry and a strong maintenance market. All the regions contributed to growth, except for Scandinavia where demand for paint was lower after two years of unusually high sales during the pandemic. The increase in operating profit was driven by strong volume growth and good cost control.

Hydro Power

Amounts in NOK million	2022	2021
Volume (GWh)	2,237	2,065
Price (øre/kWh)	193.9	75.8
Operating revenues	2,744	1,177
EBIT (adj.)	2,328	702

EBIT (adj.) was NOK 2,328 million for Hydro Power in 2022, compared with NOK 702 million in 2021. The increase in profit was chiefly due to substantially higher power prices. The year 2022 was affected by an energy crisis in Europe as a result of cuts in gas supplies from Russia. The war in Ukraine and the conflict with Russia have dominated the market and affected the development of the entire power sector on the continent, resulting in high prices for gas, coal and CO2. The uncertainty and unrest in the energy markets, combined with low reservoir levels and substantial interconnector capacity to the continent, have contributed to a rise in the power price in South Norway to a record-high level throughout 2022. The power price for Eastern Norway (NO1) for the year was 193.9 øre/kWh, compared with 75.8 øre/kWh in 2021. Power production in 2022 totalled 2,237 GWh in 2022, compared with 2,065 GWh in 2021.

Operating costs were NOK 55 million higher than in 2021, of which NOK 49 million was due to the introduction of a windfall tax. The reservoir level in Sauda was a little higher than normal at year end, while snowpack levels were lower than normal. Reservoir levels for the Glomma and Laagen rivers were at normal level, while snowpack levels were well below normal at year end.

Financial Investments

EBIT (adj.) for Financial Investments amounted to NOK 58 million in 2022. In Orkla Eiendom, two construction stages in the development project at Torshov, Oslo, were handed over in 2022, which had an impact of NOK 28 million on EBIT (adj.).

Research and development (innovation)

Innovation is one of Orkla's most important tools for creating organic growth and building strong brands, and is therefore a central part of day-to-day operations. Orkla works interdisciplinarily with innovation from insight to idea and then launch. Consumer, customer and market insights are combined with technological expertise and brand understanding to develop products and services that delight consumers and better meet their needs.

Orkla's strength is local presence, with deep insight into local consumer needs and how this can be translated into powerful innovations. Orkla utilizes consumer insight, brand understanding and product development capacity across the group's business areas. At the core of all innovation work is the user experience, from taste and functional qualities to how intuitive and easy a product is to use.

Strong brands are at the core of Orkla's competitiveness and innovation is crucial for keeping the brand positions relevant, but also provides an opportunity for taking market shares in new and existing categories for Orkla. Grandiosa Delux is a great example of this within the pizza category, the new product Smash! chocolate tablet quickly became the most valuable innovation across all confectionery segments, and NATURLI'® Ice Dream strengthened the plant-based brand's position in ice cream in Denmark.

Products with a healthier, more sustainable profile continue to be an important driver of growth, and has also in 2022 resulted in several strong innovations. The launch of Kalles Vegan caviar, Jordan Change toothbrushes with replaceable heads, and the carton packaging innovations for OMO and Blenda are examples of how health and sustainability help to keep well-established brands relevant.

Local consumer understanding in the markets in which Orkla is present will continue to be a main priority going forward. There is continuous focus on ensuring that Orkla's local brands are consumers' first choice by being a better, simpler and more sustainable part of everyday life. The launch of MTR's 3 Minute Breakfast, hot breakfasts ready in three minutes, which in 2022 was expanded with a number of innovations on the Indian market, is a clear example of this.

Competence

Learning and development are a fundamental part of Orkla’s strategy and culture, and through continuous skills-building the group’s competitiveness and attractiveness as employer and its employees’ engagement are strengthened. To ensure that skills-building at Orkla is sufficiently targeted and relevant, learning takes place in an interplay between global and local programmes with particular focus on the possibility of applying the knowledge and skills acquired directly on the job.

All academies and courses are systematically evaluated and in 2022 Orkla’s academies adopted the Kirkpatrick Evaluation Model, a widely recognised method of evaluating courses at four different levels (Reaction, Learning, Behaviour and Results). The method contributes to better planning and more regular evaluation in the course of a longer development programme, making it possible to make ongoing adjustments and improvements. Furthermore, the method helps to ensure greater focus on the effect of the learning, behavioural changes and the influence that it has on the organisation’s results.

Orkla’s global competency-building programmes include specialised academies, management training programmes, corporate culture and compliance training and a variety of other courses. The overall range of programmes is steadily expanded and viewed continuously in conjunction with Orkla’s strategy. There is active focus on developing instructive, high-quality and cost-effective educational methods, content and technology. The skills-building work is carried out as a combination of in-person meetings, virtual classroom instruction, e-learning, individual assignments, social dialogue and through participants’ own efforts. In 2022, participants at Orkla’s academies greatly appreciated getting together again in person after the pandemic, and the possibility of combining learning with networking across Orkla’s companies and value chain.

Among new initiatives in 2022, Orkla launched an academy for sustainability that is currently being implemented in Orkla Foods Europe and Orkla India. The academy is a comprehensive skills-building programme that provides a thorough introduction to the most important sustainability topics in Orkla, and the ambition is to implement the programme in other business areas. Orkla also launched a global development programme on diversity, equality and inclusion that particularly targets HR managers and local managers from the companies. This programme provides a basic introduction to the topics, enabling managers to adopt a practical approach to setting diversity, equality and inclusion priorities locally in the companies upon completion of training.

A highlight of 2022 was the prestigious prize awarded to the leadership development programme, Orkla Leadership Compass, in the international Brandon Hall Excellence Awards, often called the “Academy Awards”. The prizes are given for work in fields such as skills-building and leadership development, and recognise the best companies at global level that have designed and implemented programmes with measurable results. The Orkla Leadership Compass won silver in the category “Best Advance in Leadership Development”, and particular mention was made of the design and implementation of the programme, which is tailored to the target group’s needs. The programme was developed to give new leaders an introduction to and training in fundamental leadership tools and communication, and is facilitated by local HR representatives internally in Orkla.

Sustainability and corporate responsibility

Responsible business practices

As a business, Orkla has a responsibility to exercise due diligence and promote responsible business practices throughout its value chain.
Orkla has established guidelines for how the group companies must address important corporate responsibility topics such as environment, health and safety (EHS), food safety, responsible sourcing, employer responsibility and anti-corruption. In all these areas, efforts must be based on the principle of due diligence assessments, the “precautionary” principle and continuous improvement. Awareness-raising, risk mapping, improvement plans, monitoring and reporting are key elements of this work.

Orkla’s sustainability strategy

Orkla is committed to contributing to the transition to sustainable production and consumption. This includes targeted efforts to reduce greenhouse gas emissions, develop packaging solutions that increase material recovery and promote sustainable agriculture, fisheries and other raw material production. In addition, the companies actively engage in innovation work to develop food products with a favourable nutrition profile, increase consumption of plant-based food and use recycled materials and raw materials from renewable sources. Diversity, inclusion and upgrading of skills are key topics in efforts to further develop Orkla as an organisation. Sustainability work is pivotal to Orkla’s ability to create growth, trust and competitive operations, and entails both living up to Orkla’s formal responsibility as a company and effectively managing sustainability-related commercial risk. Orkla has set general sustainability targets for 2025 that apply to the entire group and cover the following main topics: environmental engagement, sustainable sourcing, nutrition and wellness, safe products and care for people and society.

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 2022 is described in the following chapters:

- “Sustainability leadership”, page 87 (corporate responsibility)
- “Environmental engagement”, page 103 (environment)
- “Sustainable sourcing”, page 112 (human rights, workers’ rights, social conditions and environment in the supply chain, including implemented due diligence assessments)
- “Care for people and society”, page 139 (human rights in own operations, equality and non-discrimination, working environment, injuries, accidents, sickness absence, anti-corruption, social conditions)

A description of management procedures for sustainability and social responsibility is included on page 98. Reporting on turnover, operating expenses and investments from activities encompassed by the EU Taxonomy Regulation for environmental targets 1 and 2 is included in the Annual Report on page 360.

Personnel and administration

At the end of 2022, the group had 20,471 (21,423) employees. Of these, 3,143 (2,968) worked in Norway, 6,018 (6,185) in other Nordic countries and 11,310 (12,271) in countries outside the Nordic region. Collaboration between management and the employee organisations functions well and makes a valuable contribution to finding constructive solutions to the challenges faced by the group and the individual companies.

Nils K. Selte assumed the role of Orkla President and CEO on 11 April 2022, succeeding Jaan Ivar Semlitsch who headed the group from August 2019. Nils K. Selte has been employed in Canica, as both CFO and CEO, since 2001. He has also been a member of Orkla’s Board of Directors since 2014, and in the same period chaired Orkla’s Audit Committee.

On 26 October 2022, a decision was taken to make changes in Orkla’s corporate structure and management team. The new Orkla Management Team consists of nine Executive Vice Presidents (“EVP”), five of whom make up the investment team and four of whom each head their respective corporate function. The Orkla Management Team became operational as from mid-December 2022. The five EVPs in the investment team, also called Investment Executives, are: Maria Syse-Nybraaten, Audun Stensvold, Øyvind Torpp, Atle Vidar Nagel Johansen and Hege Holter Brekke. Harald Ullevoldsæter continues to serve as EVP Finance and CFO, and Håkon Mageli as EVP Communication & Corporate Affairs. Christer Grönberg was appointed as EVP HR and Camilla T. Robstad was appointed as EVP Legal & Compliance.

At Orkla’s Annual General Meeting in April 2022, Stein Erik Hagen, Liselott Kilaas, Peter Agnefjäll and Anna Mossberg were re-elected as shareholder-elected members of Orkla’s Board of Directors. Christina Fagerberg and Rolv Erik Ryssdal were elected as new Board members for one year. Stein Erik Hagen was re-elected as Chairman of the Board. Nils K. Selte, Ingrid Jonasson Blank and Anders Kristiansen did not stand for re-election. Caroline Hagen Kjos was re-elected as personal deputy for Stein Erik Hagen. All the shareholder-elected Board members were elected for a term of one year, i.e. until the Annual General Meeting in 2023.

Of a total of six shareholder-elected members of Orkla’s Board of Directors, three are women and three are men. Among the employee-elected Board members and their deputies, both genders are represented. 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.

The Board of Directors wishes to thank all employees for their efforts and the results achieved in 2022.

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 47 of this Annual Report. The statement of policy will be an item of business for discussion at the 2023 Annual General Meeting.

Salary and other remuneration for leading persons

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 company legislation, the Board of Directors has also prepared a separate report on salary and other remuneration for senior executives, which is included under Chapter 2 of this Annual Report. This executive remuneration report will be presented and discussed at the 2023 Annual General Meeting. The report also provides details of actual remuneration and contractual arrangements.

Accounting policies

The consolidated financial statements for 2022 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 explanation of accounting policies in Notes 1-4 and in respective notes describes 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 use of the going-concern assumption is appropriate.

Orkla ASA

Orkla ASA is the parent company in the Orkla group and supplies and performs services for the group's other companies. In 2022, Orkla ASA delivered profit after tax of NOK 8,248 million (NOK 3,945 million). At year end, Orkla ASA had assets totalling NOK 66,012 million (NOK 55,878 million), equivalent to a year-over-year increase of 18.1%. The equity ratio was 60.9% (62.0%). A survey of gender pay differences has been carried out for employees of Orkla ASA, which is included in chapter 3 of this Annual Report on page 148.

Allocation of comprehensive income for the year

In 2022, Orkla ASA posted comprehensive income of NOK 8,467 million. The Board of Directors proposes the following allocation:

Proposed dividend	NOK 2,991 million
Transferred from equity	NOK 5,476 million

As at 31 December 2022, Orkla ASA had total equity of NOK 40.2 billion (NOK 34.6 billion). The Board of Directors has determined that Orkla ASA had adequate equity and liquidity at the end of 2022. The Board of Directors proposes to pay an ordinary dividend of NOK 3.00 per share for the 2022 financial year.

Outlook

The economic trends have resulted in higher costs for Orkla throughout its value chain. Increased input purchase prices have led to substantial cost increases for Orkla's Branded Consumer Goods business. Due to forward purchasing contracts that cover several key raw material categories, purchasing prices will lag behind changes in spot market prices. As a result of high inflation, Orkla is also experiencing increases in costs other than input costs. These conditions are expected to remain challenging in 2023.

To improve profitability performance in the Branded Consumer Goods business, it will be necessary to continuously rationalise and optimise the value chain, but also to carry out cost improvement measures. Such measures have been implemented in several of Orkla's business areas, and further actions will be taken in the time to come. For 2023, the total cost improvement programmes have been increased by over 40% from the original targets announced on Orkla's Capital Markets Day in November 2021, from approximately NOK 700 million to around NOK 1 billion. The expected effect of these measures is a combination of cost avoidance and cost savings. Concrete initiatives and projects will be carried out to assess low-profitability factories and categories in the portfolio, and to optimise the organisational structure. Among other things, Orkla is considering making changes in the production structure and other parts of the business in the Czech Republic.

High inflation is expected to have a negative impact on volume performance, due to lower buying power and demand in many of the markets in which Orkla operates, particularly in the Baltics and Central Europe. Orkla has strong brands and positions, but anticipates stronger competition from private label going forward. Orkla has targeted focus on innovation, product development and concepts designed to better meet consumer needs in the face of lower purchasing power.

Orkla is well-positioned financially to face future challenges. As at 31 December 2022, the group had a net interest-bearing debt to EBITDA ratio of 1.8 (on a rolling 12-month EBITDA basis).

Oslo, 14 March 2023
The Board of Orkla ASA

Stein Erik Hagen
Chairman of the Board

Liselott Kilaas

Anna Mossberg

Peter Agnefjäll

Christina Fagerberg

Rolv Erik Ryssdal

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 our 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 our 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 (www.lovdata.no) 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 13 April 2023. 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 305.

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

In October 2022, the Board decided to establish a new corporate structure. Orkla is to be transformed into an industrial investment company with ownership of more independent portfolio companies. Orkla's new operational model will be effective from 1 March 2023. In connection with the transition to the new model, the Board of Directors will establish updated governance principles with clear requirements and expectations for Orkla companies, and central corporate processes will be adapted to the new model. The following statement of policy is based on the governance principles that applied in 2022.

The statement of policy is structured in the same way as the 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 our objects clause, we operate in several areas. Our core business is brands and consumer-oriented companies, but we also have activities in the energy, real estate and financial investment sectors.

NOK per share paid out

As suggested by the Board of Directors

3.00

Orkla's core values are "brave", "trustworthy" and "inspiring". We aim to outperform and create greater value than our competitors and other comparable companies.

We at Orkla are committed to promoting sustainable social development by operating in compliance with responsible business principles, systematically improving our operations and investing in profitable business projects that can generate positive economic impacts for society.

Orkla's sustainability strategy covers five main topics: environmental engagement, sustainable sourcing, nutrition and wellness, safe products and care for people and society. These are areas in which Orkla by virtue of its activities has a major impact and a responsibility, and where our efforts will be important for our future growth and profitability. The topics considered to be significant for Orkla, the sustainability goals and our approach to this work are described in greater detail in the chapter on sustainability, which is included in our Annual Report.

Orkla works actively to promote gender balance and diversity. Special guidelines have been established for this work which include requirements relating to gender balance and diversity in recruitment processes. The chapter on sustainability further describes how we work to promote gender balance and diversity, the targets that have been set, the results achieved and how these efforts are monitored.

Orkla's strategy process is dynamic and covers a period of three years. Every third year, a new three-year plan is adopted that sets our strategic direction and defines goals for Orkla, the business areas and individual companies. Our goals, strategies and risk profile are evaluated annually. In future, the strategy process will be adapted to the new operational model, and the strategic direction, goals and plans will be developed for each portfolio company.

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 2022, Orkla's equity totalled NOK 43.2 billion. An ordinary dividend of NOK 3.00 per share was paid out for the 2021 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. We have pursued a consistent shareholder and dividend policy for many years. On our Capital Markets Day in November 2021, the Orkla Management Team announced that the dividend will normally constitute between 50–70% of earnings per share. The Board of Directors has proposed that a dividend of NOK 3 per share be paid out for the 2022 financial year. The dividend will be paid out on 27 April 2023 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 2022, 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, including Orkla’s employee share purchase programme. As at 31 December 2022, Orkla had not purchased any of its own shares under the current authorisation. As at 31 December 2022, Orkla held 4,286,980 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. We have provided further information on voting rights at general meetings under point 6, General Meetings.

The company’s policy is to not dilute the shareholdings of existing shareholders. In accordance with this policy, we have not carried out 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 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 our 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 no later than two business days prior to the general meeting (notice of attendance date). 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.

Under Norwegian law, only shares that are registered in the name of the shareholder may be voted. Shares registered in a nominee account must be reregistered in the VPS by the record date in order for the shareholder to be entitled to vote the shares. More detailed information regarding this requirement is provided in the notice of the general meeting and on Orkla's website.

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 2022 could, in addition to voting by proxy, cast a direct advance vote on Orkla's website or through VPS Investor Services. The Board of Directors has decided that shareholders may again cast such direct advance votes in 2023. Both the notice of the general meeting and our website provide further information regarding use of proxies, advance voting and shareholders' right to submit items of business for consideration at general meetings.

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 report of the Board of Directors, the auditor's report and the Board of Directors' statement of guidelines for the remuneration of the executive management 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 the heads of the various business areas 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 that is elected by the General Meeting. The Rules of Procedure 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 its 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 Rules of Procedure 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 under "Investor".

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 Norwegian Code of Practice for Corporate Governance 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 346, information is provided regarding the composition of the Nomination Committee and the number of Orkla ASA shares owned by each Committee member as at 31 December 2022.

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 Norwegian Code of Practice for Corporate Governance as regards Board members' independence of the company's management, main shareholders and material business relationships.

One of the Board members is 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 and deputy 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.

In 2017, the General Meeting introduced an arrangement whereby 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 320.

Under Norwegian law and in accordance with Orkla's current system of corporate democracy, Orkla employees have the right to elect up to four members of the Board of Directors of Orkla ASA. The composition of the company's governing bodies is described on page 342.

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 in respect of the 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 the 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 on their own initiative inform their superior if they may need to recuse themselves from dealing with or if they may have 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, we consider it important to pursue a policy of transparency and caution in connection with investments that could be perceived as an unfortunately close involvement, or close relationship, between the company and a member of the Board, senior executives or parties related thereto. 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.

Further information on transactions between related parties is provided in Note 36 to the consolidated financial statements. In the event of non-immaterial transactions between the company and a shareholder, a shareholder's parent company, a Board member, senior executives or parties related thereto, the Board of Directors will ensure that a valuation is carried out by an independent third party. The Board will similarly arrange for a valuation by an independent third party in the event of non-immaterial transactions between Orkla companies where there are minority shareholders.

The Board of Directors adopts an annual meeting and activity plan that covers strategic planning, business issues and oversight activities. In 2022, eight meetings were held in accordance with the Board's activity plan, and four extraordinary meetings. In addition, the Board dealt with two items in writing. A total of 91 items were dealt with by the Board. The content of the Board's work is discussed in further detail in the Directors' Report.

Board matters are prepared by the CEO and the Corporate Secretariat in consultation with the Board Chair. The Board of Directors has established two permanent Board Committees, which are described in further detail below. These committees do not make decisions, but supervise the work of the company management on behalf of the Board and prepare matters for Board consideration within their specialised areas. In this preparatory process, the committees have the opportunity to draw on company resources, and to 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 for HR is the committee secretary. The composition of the committee meets the requirements of the Norwegian Code of Practice for Corporate Governance 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 will otherwise deal with special questions relating to compensation for Orkla employees insofar as the committee finds that these questions concern matters of particular importance for Orkla's competitive position, corporate identity, recruitment ability, etc.

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 is the secretary of the Audit Committee. The composition of the committee meets the requirements of the Norwegian Code of Practice for Corporate Governance as regards independence and competence.

The Nomination Committee's recommendation of candidates for election to the Board contains information as to which Board members satisfy the requirements as regards independence and competence 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:

- ascertain that internal and external accounting 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 portfolio companies and Orkla's financial statements
- help to ensure the independence of the external auditor and ensure compliance with applicable rules and guidelines regarding the provision of additional services by the auditor to Orkla or the portfolio companies
- initiate investigations, if necessary, and propose measures relating to the above-mentioned points
- annually review and, if necessary, update its mandate and submit its recommendations concerning its 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 the activities in every part of the company meet general financial and non-financial requirements, and are carried out in accordance with Orkla's common norms and values. The executive management of each company is responsible for risk management and internal control in the company with a view to ensuring:

- exploitation of business opportunities
- goal-oriented, safe, high-quality and cost-effective operations
- reliable financial reporting
- compliance with applicable legislation and regulations
- operations in accordance with Orkla's governing documents, including ethical and corporate responsibility standards

Orkla's risk management system is fundamental to our ability to achieve these goals. To ensure ongoing risk monitoring in individual companies, we update the risk picture of each operating company every year, in addition to the risk analysis that is an integral part of the company's decision-making processes.

Orkla's governing documents describe the requirements and expectations for our businesses, and great importance is attached to clarifying the standards that apply, and who is responsible for monitoring compliance with the various standards.

Orkla has a dedicated compliance function. The compliance staff have a special responsibility for ensuring follow-up and compliance in the fields of personal data protection, anti-corruption and business ethics and sanctions. The compliance staff are also tasked with helping to coordinate and prioritise other compliance-related work in collaboration with compliance officers in the various companies and Orkla's corporate functions.

Risk management at Orkla

Orkla's risk management lies within the remit of the finance functions and is intended to ensure that all risk of significance for Orkla's value creation is identified, analysed and effectively dealt with by business areas and specialised staffs. This entails, among other things, continuously monitoring key risk indicators in order, if necessary, to reassess Orkla's level of risk and associated risk mitigation measures. This also entails ensuring that Orkla's risk management is in compliance with relevant regulatory requirements and reasonably satisfactory to Orkla's stakeholders. Designated risk management experts carry out detailed risk assessments in certain specialised fields and are responsible for selected measures to mitigate risk at Orkla level. The Central Finance staff are responsible for Orkla's risk management model, including:

- presenting Orkla's consolidated risk profile to the Orkla Management Team, the Board of Directors and the Board's Audit Committee
- updating instructions and guidelines for risk management and reporting.

The risk management programme is reviewed on a regular basis in the company.

EHS

Risk identification is an important tool in preventive environment, health and safety (EHS) work. All companies and businesses report their main EHS risk factors and associated risk mitigation measures twice a year through Orkla's central risk management model.

The internal audit function

The purpose of Orkla's internal audit function is to help ensure that the Board of Directors receives confirmation of the status of the company'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 emphasis on operations
- carry out follow-up audits to ensure that prior recommendations have been implemented
- conduct an audit of all newly acquired companies approximately one year after acquisition
- ensure professional, confidential management 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
- 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 to the Board of Directors' Audit Committee
- serve as observer on the Finance and Tax Committees
- 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 and competence, and prioritisation of tasks.

Sustainability

Orkla works systematically to promote sustainability. We refer to our account of these efforts in the chapter on sustainability.

The financial reporting process

Orkla prepares and presents its 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 ten 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 has a general chart of accounts and built-in 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 the reporting is expanded to meet various requirements for supplementary information. Financial data are consolidated and checked at several levels in the business areas.

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 executives in 2022 for Orkla ASA. 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 leading persons

The Board of Directors draws up guidelines for the remuneration of and other compensation for leading persons, 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 made available to shareholders in a separate document pertaining to this item of business 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). 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 directly and are available on Orkla's website, along with the annual and quarterly reports, under "Investor". In 2022, Orkla's Annual General Meeting was also webcast directly and held as a hybrid meeting with the possibility of attending both digitally and in person, and was simultaneously interpreted to English.

Moreover, Orkla holds a Capital Markets Day at regular intervals, most recently on 23 November 2021. On Capital Markets Day, the market is given an in-depth review of Orkla’s strategic direction and operational development. The Capital Markets Day presentations are broadcast directly on Orkla’s website. All shareholders and other financial market players 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 other financial market stakeholders, and the Board receives regular information on this activity. The financial calendar for 2023 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 Norwegian Code of Practice for Corporate Governance, 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 for procedures to be followed in the event of a takeover bid. Orkla has not found it appropriate to draw up any explicit basic principles for its conduct in the event of a takeover bid, other than the actions 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 determined that the external auditor shall report regularly to the Board. Every year, the external auditor presents to the Board his assessment of risk, internal control and the quality of financial reporting at Orkla, at the same time presenting his audit plan for the following year. The external auditor also takes part in the Board’s discussions on the annual financial statements.

The Board of Directors ensures that relevant matters may be discussed with the external auditor without the presence of the company management. The external auditor and the President and CEO are invited to all meetings of the Board’s Audit Committee. For information regarding the work of the internal auditor, we refer to the section above on risk management and internal control. Orkla has established guidelines for the right of the executive management to use the external auditor for services other than auditing. Responsibility for monitoring such use in detail has been delegated to the secretary of the Audit Committee, who is the Chief Internal Auditor.

The secretary of the Audit Committee approves all material assignments in advance and receives an annual summary from the external auditor of services other than auditing that have been provided to Orkla, and comments specifically on these services in his 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 informed about Orkla’s overall remuneration of the auditor, broken down in accordance with statutory requirements into remuneration for statutory auditing and remuneration for other services. In connection with the auditor’s participation in the Audit Committee and the Board of Directors’ consideration of the annual financial statements, the auditor also confirms his independence.

Salary and other remuneration of leading persons

In 2022, Orkla’s operations were extensively affected by the war in Ukraine which, combined with the aftermath of the COVID-19 pandemic, led to steep cost increases throughout the value chain. The year was impacted by major value chain disruptions and uncertainty regarding the global food situation, and Orkla has worked continuously to address these challenges.

Orkla increased its turnover by 15.8% in 2022, driven by organic growth for Branded Consumer Goods, contributions from acquisitions and increased revenues for Hydro Power. Branded Consumer Goods achieved organic growth of 9.6% which was essentially related to price increases to compensate for the abnormally high increase in input costs. A sharp rise in raw material, energy, freight and packaging costs, coupled with a high rise in costs other than input costs and increased advertising spend resulted in a 7.5% decline in EBIT (adj.) from 2021 for Branded Consumer Goods.

In 2022, it was decided that Orkla was to be transformed into a brand and consumer-oriented investment company. By establishing autonomous portfolio companies, each with its own company board, Orkla will in future ensure greater structural flexibility, and the goal is to improve long-term value creation in the portfolio companies.

This transformation creates a need for new reward and incentive arrangements for senior executives. A project has therefore been initiated to draw up new guidelines for executive remuneration that support the new company structure. These new guidelines will be submitted to the General Meeting on 13 April 2023 for approval.

Overall remuneration is in accordance with the Guidelines for Remuneration of Senior Executives and the company’s results

Orkla’s Guidelines for Remuneration of Senior Executives, which were adopted by the General Meeting in 2021, determine the framework conditions for remuneration of the Board of Directors, the President and CEO and the Orkla Management Team. The guidelines may be found on Orkla’s website.

This Executive Remuneration Report for 2022 has been prepared in compliance with the guidelines adopted in 2021 and applicable legislation. The remuneration that was actually paid out in 2022, and that is reported here, is fully in accordance with the framework conditions and the principles laid down in the guidelines. No deviation has been made from the guidelines.

Senior executives at Orkla and changes during the year

In this report we describe the remuneration of members of the Board of Directors, including employee-elected Board members, as well as of the current President and CEO and the Orkla Management Team and former members of the Orkla Management Team, limited to members in the past five years.

The work of the Compensation Committee in 2022

The Compensation Committee consists of three members who are appointed by and from among the Board of Directors’ members. The Board appoints the committee chair. The committee’s terms of reference include the following:

- assess the performance of the President and CEO and propose to the Board remuneration based thereon

- recommend guidelines for remuneration of other senior executives
- prepare matters regarding remuneration for Board consideration
- prepare the Executive Remuneration Report for Board consideration

The committee has no independent decision-making authority unless the Board of Directors assigns it a special responsibility. The Compensation Committee was chaired by Liselott Kilaas in 2022. The other members of the committee were Stein Erik Hagen and Terje Utstrand (employee-elected). The committee normally holds four to six meetings per year. In 2022 six meetings were held. The main matters dealt with by the committee in 2022 were to:

- determine framework conditions for adjustment of senior executive remuneration
- propose a basic salary adjustment procedure for the President and CEO and approve the President and CEO’s proposal for salary adjustment for the Orkla Management Team
- evaluate the performance of the President and CEO and the other Orkla Management Team members and determine an individual bonus based thereon
- approve the individual targets of the President and CEO for the year
- prepare the Executive Remuneration Report and notes to the Annual Report
- consider and discuss various general issues, including evaluation of the Board of Directors, promotion of gender balance and general evaluation of types of reward
- consider proposals for new incentive models for the Orkla Management Team as a result of the restructuring of Orkla that will take effect on 1 March 2023
- prepare a draft of new “Guidelines for the Determination of Remuneration for Senior Executives

Remuneration of the Board of Directors

Every year, the Nomination Committee proposes a fee for members of the Board of Directors, after which the proposal is considered by the General Meeting. Orkla has usually adjusted the Board members' fees in accordance with general wage growth, unless special circumstances dictate otherwise. Board fees are lower in Norway that in the other Nordic countries.

The Nomination Committee considers it important to attract good candidates in a Nordic market, and recommends that the fees of the shareholder-elected Board members be increased to align them somewhat more closely with the level applied elsewhere in the Nordic region. Furthermore, the Board's workload and responsibilities are increasing, and the Nomination Committee is of the opinion that this should also be reflected in the fees. The Nomination Committee's recommendation was approved by the General Meeting and is shown below.

Fee rates 2022

(Figures in NOK) Function	Board of Directors	Audit Committee	Compensation Committee
Chair	880,000	152,000	191,000
Shareholder-elected member	570,000	112,000	128,000
Employee-elected member	460,000	112,000	128,000
Deputy member	30,000		

Fee rates 2021

(Figures in NOK) Function	Board of Directors	Audit Committee	Compensation Committee
Chair	843,000	144,000	181,000
Shareholder-elected member	537,000	108,000	121,000
Employee-elected member	442,000	108,000	121,000
Deputy member	27,500		

Remuneration of Board members 2022

Board members	Role	Audit Committee	Compensation Committee	Board fee	Committee fee	Total fee
Stein Erik Hagen	Chair		Member	940,000	119,333	1,059,333
Liselott Kilaas	Member		Chair	610,000	162,000	772,000
Peter Agnefjäll	Member	Chair		610,000	140,000	750,000
Anna Mossberg	Member			610,000		610,000
Christina Fagerberg[1]	Member	Member		420,000	93,333	513,333
Rolv Erik Ryssdal[1]	Member			238,790		238,790
Caroline Marie Hagen Kjos	Deputy member[2]			-		-
Employee-elected:						
Terje Utstrand	Member		Member	476,667	119,333	596,000
Sverre Josvanger	Member	Member		476,667	136,000	612,667
Karin Hansson	Member			476,667		476,667
Roger Vangen	Member			476,667		476,667

The following persons left the Board in 2022

Ingrid Jonasson Blank	232,667	Total compensation for 2022
Nils K. Selte	211,389	Total compensation for 2022
Anders Kristiansen	190,000	Total compensation for 2022

1. First elected in 2022.
2. Personal deputy member for Stein Erik Hagen and Nils K. Selte.

Orkla shareholders

Board members	Role	Shareholding 31.12.2021	Sales 2022	Sales 2022	Shareholding 31.12.2022
Stein Erik Hagen	Chair	250,387,581			250,387,581
Liselott Kilaas	Member	12,500	3,200		15,700
Peter Agnefjäll	Member	20,000			20,000
Anna Mossberg	Member	5,566	2,326		7,892
Christina Fagerberg	Member		20,000		20,000
Rolv Erik Ryssdal	Member	1,000	15,000		16,000
Employee-elected:					
Terje Utstrand	Member	10,409	395		10,804
Sverre Josvanger	Member	20,622	6,000		26,622
Karin Hansson	Member	1,993			1 ,993
Roger Vangen	Member	10,208	865		11,073

All figures show total shareholdings including shares owned by related parties.

Remuneration of the Orkla Management Team in 2022

According to Orkla's Guidelines for Remuneration of Senior Executives, the basic salary must be in line with the market median and reflect the position criteria with regard to qualifications, responsibilities and complexity, and the extent to which the position contributes to the achievement of Orkla's overarching business objectives.

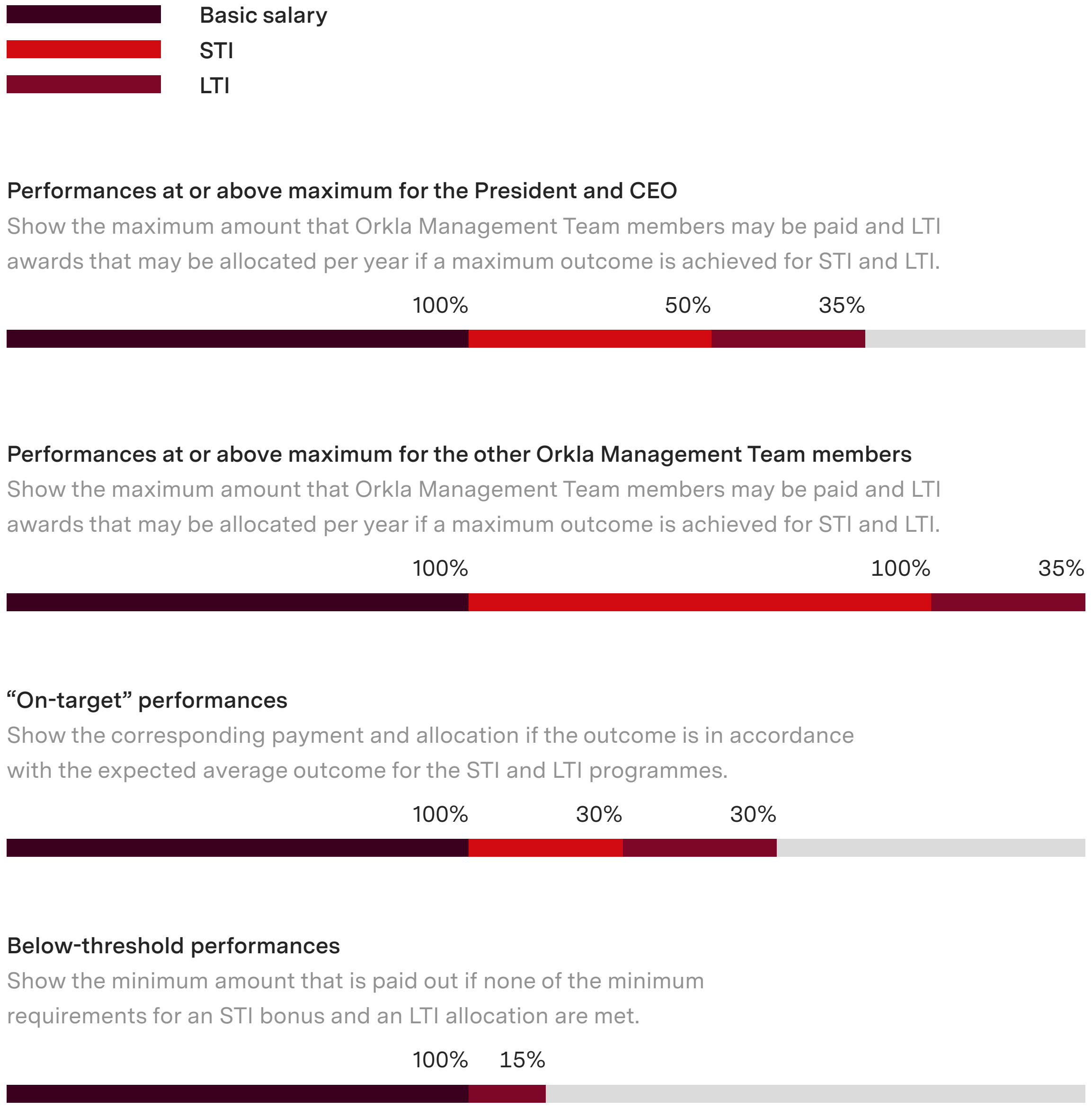
Orkla uses internationally recognised job evaluation systems to determine the right level of remuneration for the positions offered, and the basic salary offered must preferably lie within a salary range of +/- 20% relative to the market median. The senior executive's responsibilities, results achieved and performance determine where he or she is placed on the salary scale. Individual performances must be reflected in the basic salary, which must consequently be set on an individual, differentiated basis.

In accordance with the guidelines, the level of basic cash remuneration, including the basic salary, must be evaluated regularly, normally annually.

The President and CEO and his Orkla Management Team also participate in Orkla's annual central bonus programme, the Short-Term Incentive Programme (STI), and in the Long-Term Incentive Programme (LTI). According to the guidelines, these variable remuneration elements may exceed the market median.

Variable remuneration must be linked to predefined, ambitious and measurable criteria, as well as to Orkla's business strategy, commercial objectives and long-term interests.

Total remuneration as a percentage of basic salary



Performances at or above maximum for the President and CEO

Show the maximum amount that Orkla Management Team members may be paid and LTI awards that may be allocated per year if a maximum outcome is achieved for STI and LTI.

Performances at or above maximum for the other Orkla Management Team members

Show the maximum amount that Orkla Management Team members may be paid and LTI awards that may be allocated per year if a maximum outcome is achieved for STI and LTI.

"On-target" performances

Show the corresponding payment and allocation if the outcome is in accordance with the expected average outcome for the STI and LTI programmes.

Below-threshold performances

Show the minimum amount that is paid out if none of the minimum requirements for an STI bonus and an LTI allocation are met.

Itemised remuneration of the Orkla Management Team in 2022

Amounts in NOK 1,000 Management Team in 2022	Annual salary 31.12.2021	Salary increase 2022	Annual salary 31.12.2022	Salary and holiday pay paid 2022	Annual bonus paid (earned in 2021)	Paid from bonus bank (LTI)	Benefits in kind (incl. car allowance)	Total salary and other remuneration paid 2022
Nils K. Selte[1]		New position	12,000	7,882	0	0	171	8,053
Atle Vidar Nagel Johansen	4,043	Changed responsibility	6,000	5,768	939	762	231	7,699
Hege Holter Brekke[2]	3,020	Changed responsibility	3,450	3,582	701	528	229	5,040
Audun Stensvold[3]		New position	3,200	480	0	0	35	515
Maria Syse-Nybraaten[4]		New position	3,110	778	0	0	309	1 ,086
Øyvind Torpp[3]		New position	6 ,000	1,000	0	0	39	1,039
Harald Ullevoldsæter	3,188	107	3,292	3,483	1,045	260	228	5,016
Christer Grönberg[7]	3,019	98	3,117	3,561	991	571	150	5,272
Camilla Tellefsdal Robstad[5]		New position	2,800	2,119	585	319	214	3,237
Håkon Mageli[6]	2,724	82	2,805	3,053	975	608	229	4,865

For Holter Brekke, Robstad and Mageli, benefits paid out are shown for full year.
For benefits paid to persons who have left the Orkla Management Team, reference is made to the table showing five years' historical remuneration.

1 Employee and President & CEO from 11.4.2022.
2 Orkla Management Team member 1.1 – 10.4 and from 13.12 and on.
3 Employee and Orkla Management Team member from 1.11.
4 Employee and Orkla Management Team member from 1.10.
5 Group Executive Board member from 13.12, employee full year.
6 Orkla Management Team member from 11.4, employee full year.
7 Salary agreed in SEK but translated to NOK at average annual exchange rate.

Remuneration earned, but not paid in 2022

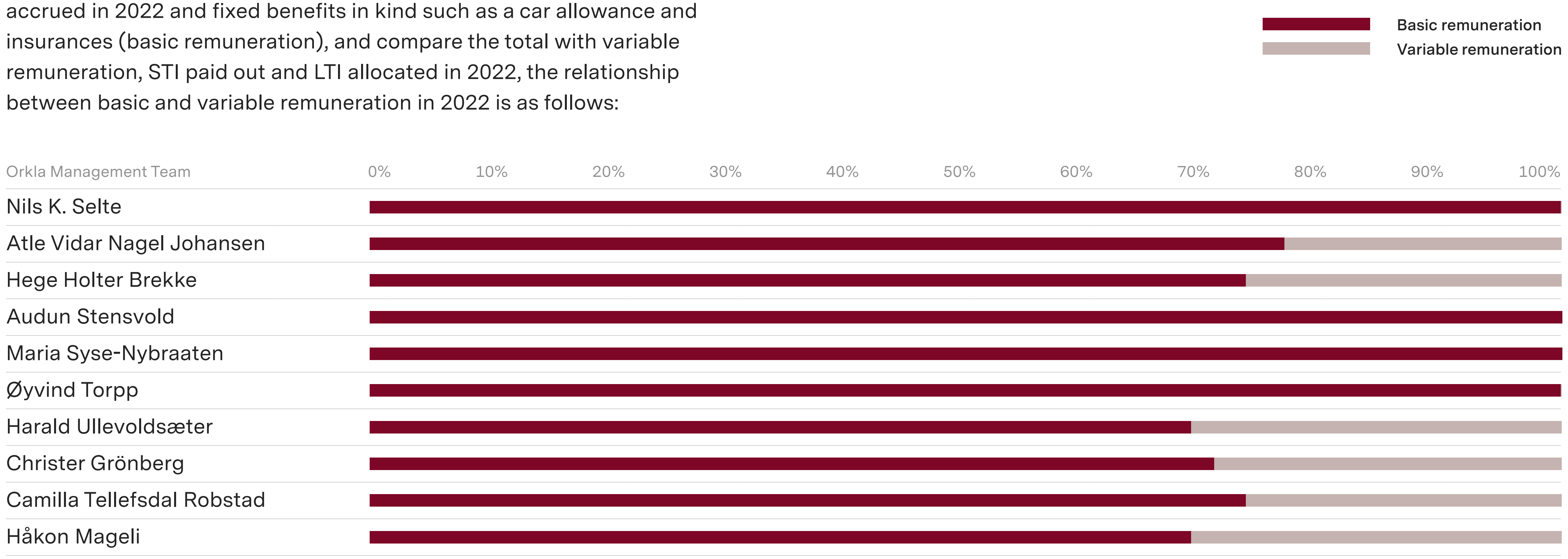
Amount in NOK 1,000 Orkla Management Team	Annual bonus earned for 2022[1]	Allocated long-term incentive (LTI)[2]	Earned pension cost	Total earned and allocated	Balance bonus bank (LTI) 31.12.2022[3]
Nils K. Selte	[5]	0	1,988	1,988	0
Atle Vidar Nagel Johansen	600	1,044	1,733	3,377	1,153
Hege Holter Brekke	345	817	639	1,802	805
Audun Stensvold	67	0	100	167	0
Maria Syse-Nybraaten	289	0	145	434	0
Øyvind Torpp	300	0	208	508	0
Harald Ullevoldsæter	411	823	636	1,870	549
Christer Grönberg[4]	390	779	931	2,100	865
Camilla Tellefsdal Robstad	350	396	526	1,271	501
Håkon Mageli	351	701	665	1,717	880

For Holter Brekke, Robstad and Mageli, benefits earned are shown for full year.

[1] Annual bonus earned for 2022 paid out in 2023.
[2] Allocated LTI consists of share options valued using Black Scholes model.
[3] Stated balance is based on closing price of Orkla share 31.12.2022.
[4] Amount originally determined in SEK has been translated to NOK at average annual exchange rate.
[5] The President and CEO has on his own initiative chosen to abstain from bonus for 2022.

Relationship between basic and variable remuneration in 2022

If we combine salary and holiday pay paid out in 2022, pension costs accrued in 2022 and fixed benefits in kind such as a car allowance and insurances (basic remuneration), and compare the total with variable remuneration, STI paid out and LTI allocated in 2022, the relationship between basic and variable remuneration in 2022 is as follows:




0%
PARFYME
PARFYMEFRI
Lano
for stor
HÅNDSÅPE
Hvite Tenner
På kun 2 uker
Fjerner effektivt flekker og misfarging
Solidox
Klassisk
VADEMECUM
MUNNVANN
FRISK PUST
I 100 ÅR

Annual bonus programme (STI programme)

The annual bonus programme is differentiated according to different roles and functions. For 2022 Orkla had the following programmes:

Programme for Branded Consumer Goods

Quantitative financial targets (80% weight):

- Organic growth for "own level" (40% weight for business areas' management teams, 25% for company executive management)
- Organic growth for "level above" (0% weight for business areas' management teams, 20% for company executive management)
- EBIT-achievement (adjusted) for "own level" (40% weight for business areas' management teams, 35% for company executive management)

Individual targets (20% weight):

- Two to four individual targets must be defined for each participant. The individual targets must be designed so as to reflect each participant's possibilities of contributing to Orkla's development and growth. The targets can either be commercial (with an indication of effect and outcome), or behavioural (how to act in accordance with Orkla's leadership principles and/or values), or a combination of the two. Orkla's Board of Directors approves these targets for the President and CEO, while the targets for the other participants are approved by each participant's manager.

Programme for the Consumer & Financial Investments business area

The programme for the Consumer & Financial Investments business area was changed from 2021 to 2022. In 2022, the following programme applied:

For the companies in this business area:

- quantitative financial and/or operational elements (80% weight): Here different elements can be defined for the various companies. For each element, ambitious targets must be defined linked to bonus achievement.
- individual targets (20% weight)

For the management team in this business area:

- EBIT (adjusted) targets for own business area (40% weight)
- consumer sales from pizza franchise business (20% weight)
- portfolio growth and structural agenda – qualitative elements (20% weight)
- individual targets (20% weight)

After the initial calculation of the bonus based on the quantitative financial targets and the achievement of individual targets, each manager must make a final discretionary assessment of employees' overall bonus achievement. The initial calculation is assessed in relation to the overall annual performance of the company in which the person is employed. As a result of this final assessment, the final bonus may either increase or be reduced in relation to the initial calculation.

Programme for Corporate Functions

The annual bonus programme for Corporate Functions (including the President and CEO) consisted of the following elements in 2022:

- Quantitative financial targets (50% weight):
    - organic growth for Branded Consumer Goods (25% weight)
    - EBIT (adjusted) targets for Branded Consumer Goods (25% weight)
- An element linked to the return on the Orkla share (25% weight):
    - To calculate this element, a basic amount equivalent to 5% of the executive's annual salary is added to the return on the Orkla share for the year. The return is calculated by taking the average share price in the fourth quarter minus the average share price in the fourth quarter of the previous year before adding any dividend paid out as a percentage of the share price in the fourth quarter of the previous year. This return on the Orkla share is multiplied by a factor of 1 for members of the Orkla Management Team and by a factor of 0.5 for the other executives in Corporate Functions. The bonus outcome for this element, measured as a percentage of annual salary, is thus calculated as follows: the initial 5% is added to the return (which may be positive or negative) and multiplied by the above-mentioned factors. This bonus element may not exceed a maximum of 25% of annual salary and may not be less than zero (in the event of a negative return).
- Individual targets (25% weight):
    - Individual targets are handled in the same way as for Branded Consumer Goods (see above).

Discretionary adjustment of bonus for 2022

Under the terms of Orkla's STI programme, the amount of the bonus of the individual participants may be adjusted if the amount of the final bonus calculation seems unreasonable in relation to the programme's intention. An important bonus criterion for Orkla's STI programme for 2022 is organic growth, with a maximum outcome of between 25% and 45%. Since the financial results for 2022 were significantly impacted by inflation, the Board of Directors deemed that the bonus outcomes were not consistent with the intentions underlying the bonus programme, and asked the administration to make a discretionary adjustment of the bonus outcome related to the component for organic growth.

The table presenting bonuses earned in 2022 and paid out in 2023 shows the final bonus results, including downward adjustments.

STI-bonus for Group Executive Board for 2021 (to be paid out in 2022)

STI programme for Corporate Functions

Name	Criteria	Maximum achievable	Achieved 2020	Total bonus incl. individual assessments	Basic salary 31.12.2020	Bonus 2020 in NOK 1,000
Semlitsch, Jaan Ivar	Organic growth BCG area	25.0%	15.5%	36.7%	8,171	2,999
	EBIT (adj.) BCG area	25.0%	0.0%			
	Orkla share price performance	25.0%	2.2%			
Ullevoldsæter, Harald	Organic growth BCG area	25.0%	15.5%	36.7%	3,188	1,170
	EBIT (adj.) BCG area	25.0%	0.0%			
	Orkla share price performance	25.0%	2.2%			
Grönberg, Christer	Organic growth BCG area	25.0%	15.5%	36.7%	3,189	1,170
	EBIT (adj.) BCG area	25.0%	0.0%			
	Orkla share price performance	25.0%	2.2%			
Prytz, Sverre	Organic growth BCG area	25.0%	15.5%	36.7%	3,010	1,105
	EBIT (adj.) BCG area	25.0%	0.0%			
	Orkla share price performance	25.0%	2.2%			

STI programme for BCG area

Name	Criteria	Maximum achievable	Achieved 2021	Total bonus incl. individual assessments	Basic salary 31.12.2021	Bonus 2021 in NOK 1,000
Brekke, Hege Holter	Organic growth own area	40.0 %	6.0 %	26.0 %	3,020	785
	EBIT (adj.) own area	40.0 %	0.0 %			
	Contribution margin ratio own area					
Johansen, Atle Vidar Nagel	Organic growth own area	40.0 %	6.0 %	26.0 %	4,043	1,051
	EBIT (adj.) own area					
	Contribution margin ratio own area	20.0 %	0.0 %			
Berg, Ingvill T.	Organic growth own area	40.0 %	15.3 %	30.3 %	2,900	879
	EBIT (adj.) own area					
	Contribution margin ratio own area	20.0 %	0.0 %			
Clarin, Johan	Organic growth own area	40.0 %	40.0 %	55.0 %	3,521	1,937
	EBIT (adj.) own are					
	Contribution margin ratio own area	20.0 %	0.0 %			

STI programme for Consumer & Financial Investments

Name	Criteria	Maximum achievable	Achieved 2021	Total bonus incl. individual assessments	Basic salary 31.12.2021	Bonus 2021 in NOK 1,000
Haavet, Kenneth	EBIT (adj.) Consumer Portef.	50.0 %	30.4 %	55.4 %	3,010	1,667
	Definerte kvalitative mål	30.0 %	12.5 %			

STI-bonus for the Orkla Management Team for 2022 (paid out in 2023)

STI programme for Corporate Functions

Name	Criteria	Maximum achievable	Achieved 2022	Total bonus incl. Individual assessments	Basic salary 31.12.2022	Bonus 2022 in NOK 1,000
Selte, Nils K.	Organic growth BCG area	25.0%	[1]	[2]	12,000	0
Bonus for 9 months	EBIT (adj.) BCG area	25.0%	0.0%			
	Orkla share price	25.0%	0.0%			
Audun Stensvold	Organic growth BCG area	25.0%	[1]	12.5%	3,200	67
Bonus for 2 months	EBIT (adj.) BCG area	25.0%	0.0%			
	Orkla share price performance	25.0%	0.0%			
Øyvind Torpp	Fixed bonus amount for 2022				6,000	300
Ullevoldsæter, Harald	Organic growth BCG area	25.0%	[1]	12.5%	3,292	411
	EBIT (adj.) BCG area	25.0%	0.0%			
	Orkla share price performance	25.0%	0.0%			
Grönberg, Christer	Organic growth BCG area	25.0%	[1]	12.5%	3,117	390
	EBIT (adj.) BCG area	25.0%	0.0%			
	Orkla share price performance	25.0%	0.0%			
Robstad, Camilla Tellefsdal	Organic growth BCG area	25.0%	[1]	12.5%	2,800	350
	EBIT (adj.) BCG area	25.0%	0.0%			
	Orkla share price performance	25.0%	0.0%			
Mageli, Håkon	Organic growth BCG area	25.0%	[1]	12.5%	2,805	351
	EBIT (adj.) BCG area	25.0%	0.0%			
	Orkla share price performance	25.0%	0.0%			

[1] See separate section on discretionary downward adjustment of the result for Organic growth.

[2] The President and CEO has on his own initiative chosen to abstain from bonus for 2022.

STI scheme for the BCG area

Name	Criteria	Maximum achievable	Achieved 2022	Total bonus incl. Individual assessments	Basic salary 31.12.2022	Bonus 2022 in NOK 1,000
Johansen, Atle Vidar Nagel	Organic growth BCG area	40.0%	[1]	10.0%	6,000	600
	EBIT (adj.) BCG area	40.0%	0.0%			
Brekke, Hege Holter	Organic growth BCG area	40.0%	[1]	10.0%	3,450	345
	EBIT (adj.) BCG area	40.0%	0.0%			

STI-ordning for Consumer & Financial Investments

Name	Criteria	Maximum achievable	Achieved 2022	Total bonus incl. Individual assessments	Basic salary 31.12.2022	Bonus 2022 in NOK 1,000
Maria Syse-Nybraaten	EBIT (adj.) Consumer portfl.	40.0%	0.0%	37.2%	3,110	289
Bonus for 3 months	Pizza franchise sales	20.0%	14.7%			
	Portfolio growth	20.0%	12.5%			

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[1] See separate section on discretionary downward adjustment of the result for Organic growth.

Long-term incentive programme (LTI programme)

In 2020 Orkla introduced a share option-based LTI programme that replaced the previous cash-based LTI programme.

Options are allocated partly on the basis of position (estimated option value equivalent to 15% of basic salary), partly on the basis of a discretionary assessment of the achievement of predefined long-term targets (maximum estimated option value equivalent to 15% of basic salary), and a discretionary assessment of the achievement of targets linked to sustainability (maximum estimated option value equivalent to 5% of basic salary). Targets linked to sustainability are set and evaluated by the Board of Directors. On this basis, the outcome for participants will be an option value ranging from 15 to 35% of basic salary, depending on performance. The option value will be calculated in accordance with the Black-Scholes model.

Predefined long-term targets shall preferably be linked to:

- profitable organic growth
- innovation and increased market shares
- sustainability as a growth factor
- structural growth in prioritised categories and geographical areas
- establishment of a cost-effective organisation and realisation of synergies
- development of staff and collaborative relationships

Options are allocated once a year. The first allocation was made in 2021. Allocations are based on the share price on the day after the Annual General Meeting. Every year, the Board of Directors decides how many share options are to be allocated to each member of the Orkla Management Team. The members may exercise their options at the earliest three years after the allocation date and no later than five years after the allocation date. After five years, the options expire.

The strike price is set at the market price on the allocation date, plus 3% per year during the vesting period. The strike price is adjusted to take account of dividends. All unexercised options expire in the event of an employee's resignation.

The gain on options allocated in a given year may not exceed six times the value of the allocated options on the allocation date, calculated in accordance with the Black-Scholes model. If a participant is allocated options with an estimated option value equivalent to 30% of his or her basic salary, the maximum gain in such case cannot exceed 180% of his or her basic salary.

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

Payouts from the LTI programme in 2022 were made in accordance with the previous cash-based programme. Allocations were last made to participants in the previous programme in May 2020. Payouts from these allocations will be made as follows: 1/3 in 2022, 1/3 in 2023 and 1/3 in 2024. The amount allocated will be adjusted in accordance with the Orkla share price performance from the date after the Annual General Meeting in 2020 until the payout dates.


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Options allocated in 2022 and total options as at 31 December 2022:

Position	Name	Allocation	Salary	Value of allocation	Value per share option	Number of options per share	Allocation date	First exercise date	Expiry date	Strike price for options
President & CEO	Nils K. Selte									
EVP Orkla BCG	Atle Vidar Nagel Johansen	25%	4,174,300	1,043,575	15.02485	69,457	21.4.2022	21.4.2025	21.4.2027	kr 75.18
EVP & Investment Executive	Hege Holter Brekke	25%	3,269,200	817,300	15.02485	54,397	21.4.2022	21.4.2025	21.4.2027	kr 75.18
EVP & Investment Executive	Audun Stensvold									
EVP & Investment Executive	Maria Syse-Nybraaten									
EVP & Investment Executive	Øyvind Torpp									
EVP Finance & CFO	Harald Ullevoldsæter	25%	3,291,600	822,900	15.02485	54,769	21.4.2022	21.4.2025	21.4.2027	kr 75.18
EVP HR	Christer Grönberg[1]	25%		766,213	15.02485	50,996	21.4.2022	21.4.2025	21.4.2027	kr 75.18
EVP Legal	Camilla Tellefsdal Robstad	20%	1,979,550	395,910	15.99818	24,747	21.4.2022	21.4.2025	21.4.2027	kr 75.18
EVP Comm. & Corporate Affairs	Håkon Mageli	25%	2,805,411	701,353	15.99818	43,840	21.4.2022	21.4.2025	21.4.2027	kr 75.18
Total				**4,547,251**		**298,206**				

[1] Amounts originally determined in SEK have been translated to NOK based on exchange rate as at 21.4.2022.

Position	Name	Number of options at start of year	Number vested for exercise 1.1.2022	Options allocated in 2022	Number vested for exercise 31.12.2022	Number of options allocated as at 31.12.2022
President & CEO	Nils K. Selte	0	0	0	0	0
EVP Orkla BCG	Atle Vidar Nagel Johansen	89,416	0	69,547	0	158,873
EVP & Investment Executive	Hege Holter Brekke	66,793	0	54,397	0	121,190
EVP & Investment Executive	Audun Stensvold	0	0	0	0	0
EVP & Investment Executive	Maria Syse-Nybraaten	0	0	0	0	0
EVP & Investment Executive	Øyvind Torpp	0	0	0	0	0
EVP Finance & CFO	Harald Ullevoldsæter	70,509	0	54,769	0	125,278
EVP HR	Christer Grönberg	70,389	0	50,996	0	121,385
EVP Legal	Camilla Tellefsdal Robstad	38,539		24,747	7,707	63,286
EVP Comm. & Corporate Affairs	Håkon Mageli	46,840	0	43,840	9,368	90,680
Total		**382,486**		**298,206**	**17,075**	**680,692**

Annual changes in Orkla Management Team/Group Executive Board remuneration and the company's results for the last five financial years

Management team			2022			2021			2020			2019			2018		
Amounts in NOK 1,000	Position	Period on Orkla Management Team	Total remunera-tion[1]	Annual change[2]	Variable position	Total remunera-tion[1]	Annual change[2]	Variable position	Total remunera-tion[1]	Annual change[2]	Variable position	Total remunera-tion[1]	Annual change[2]	Variable position	Total remune-ration	Annual change[2]	Variable position
Nils K. Selte	President and CEO	11.04.2022 - 31.12.2022	10,041		0%												
Atle Vidar Nagel Johansen	EVP Orkla BCG	1.6.2012 - 31.12.2022	9,376	10.7%	17.5%	8,468	-13.1%	31.0%	9,742	15.6%	43.0%	8,428	20.0%	35.1%	7,021	-1.4%	22.4%
Hege Holter Brekke	EVP HR	1.1.-10.4. og 13.12.-31.12.	5,612	1.1%	20.7%	5,551	-	30.5%									
Audun Stensvold	EVP & Investment Executive	1.11.2022 - 31.12.2022	682		9.8%												
Maria Syse-Nybraaten	EVP & Investment Executive	1.10.2022 - 31.12.2022	1,521		19.0%												
Øyvind Torpp	EVP & Investment Executive	1.11.2022 - 31.12.2022	1,547		19.4%												
Harald Ullevoldsæter	EVP Finance & CFO	1.3.2020 - 31.12.2022	5,582	-10.1%	22.1%	6,209	0.2%	34.2%	6,194	-	41.0%						
Christer Grönberg	EVP & Investment Executive	1.10.2018 - 31.12.2022	5,798	-14.0%	19.9%	6,743	-1.7%	30.6%	6,859	5.4%	38.1%	6,506	23.7%	36.5%	5,260	-	24.6%
Camilla Tellefsdal Robstad	EVP Legal	13.12.2022 - 31.12.2022	3,604		20.7%												
Håkon Mageli	EVP Comm. & Corporate Affairs	11.4.2022 - 31.12.2022	4,998		21.0%												
Previous members:																	
Jaan Ivar Semlitsch[3]	President & CEO	15.8.2019 - 10.04.2022	21,303	Total payments 2022		15,910	-4.9%	34.3%	16,721	11.1%	40.4%	5,645	-	32.3%			
Kenneth Haavet	EVP Cons. & Fin. Inv.	1.2.2020 - 16.2.2022	3,404	Final statement		6,402	-0.6%	-0.6%	5,905	-	42.6%						
Sverre Prytz	EVP Strategy & M&A	1.12.2019 - 31.10.2022	4,812	Total payments 2022		5,862	-4.6%	34.3%	6,128	26.7%	39.4%	403	-	23.8%			
Ingvill T. Berg	EVP Orkla Conf. & Snacks	14.1.2021 - 10.4.2022	4,731	Total payments 2022		5,570	-	33.8%									
Johan Clarin	EVP Orkla Food Ingredients	1.9.2013 - 10.4.2022	6,263	Total payments 2022		7,144	8.4%	31.1%	6,593	6,593	31.0%	6,792	16.7%	34.5%	5 ,22	-0.8%	24.5%
Terje Andersen (periode 1)	CFO/EVP Financial Investments	1.1.2005 - 30.9.2018													6,420	Final statement	
Terje Andersen (periode 2)	Acting CEO	7.5.2019 - 1.2.2020							6,916	Final statement		7,676	-	30.2%			
Ann-Beth Freuchen	EVP Orkla Foods N&B / Conf.& S.	1.7.2015 - 14.1.2021				10,458	Final statement		8,083	14.3%	40.5%	7,071	6.4%	33.4%	6,645	-1.6%	34.4 %
Jeanette Hauan Fladby	EVP Orkla Conf. & Snacks	1.10.2018 - 14.1.2021				7,597	Final statement		5,892	-4.5%	31.3%	6,171	39.6%	38.7 %	4,422	-	27.9%
Jens Staff	CFO	1.6.2014 - 29.2.2020							4,419	Final statement		6,501	17.8%	32.9 %	5,520	-5.8%	23.6%
Peter A. Ruzicka	President and CEO	1.2.2014 - 7.5.2019							6,871	Final statement		16,456	Final statement				
Johan Wilhelmsson	EVP Orkla Foods International	1.10.2018 - 14.1.2021							7,405	28.2%	43.6%	5,775	1.1%	32.7%	5,712	-	37.6%
Karl Otto Tveter	EVP Group Functions & Legal	1.2.2012 - 30.11.2019										5,260	Final statement		5,829	-5.7%	23.9%
Stig Ebert Nilssen	EVP Orkla Care	1.4.2013 - 1.2.2019													6,308	-5.9%	23.6%
Pål Eikeland	EVP Orkla Food Ingredients	1.6.2012 - 3.4.2018													5,689	Final statement	

Financial results	2022	2021	2020	2019	2018
Organic growth	9.6%	4.3%	1.6%	1.3%	-0.2%
EBIT (adj.) (NOK mill.)	7,411	6,145	5,492	5,088	4,777
Earnings per share (NOK)	5.04	4.82	4.37	3.84	3.24
Annual change in earnings per share	**0.0%**	**10.5%**	**13.8%**	**18.5%**	**-61.6%**

Average remuneration of Orkla ASA employees	2022	2021	2021	2019	2018
Average number of full-time employees throughout year	20,098	20,074	17,656	17,622	17,667
Average personnel cost (NOK 1,000)	486	454	508	465	438
Annual change in average remuneration in Orkla ASA	**6.9%**	**-10.6%**	**9.2%**	**6.3%**	**2.4%**

[1] Total remuneration means the sum total of salary and holiday pay paid, earned pension for the year, earned STI for the year, earned LTI for the year and benefits in kind. Figures stated for actual period of employment at Orkla.

[2] Annual change is calculated on the basis of recalculated figures for the full year if the executive was employed at Orkla for parts of the year.

[3] In addition, 10 months' post-employment salary, NOK 703,050 per month, and holiday pay (for this post-employment salary) will be paid out in 2023.

The President and CEO's and Orkla Management Team's holdings of Orkla shares

The Orkla Management Team participates in Orkla's employee share purchase programme, which is offered to most Orkla employees on a global basis. In 2022, the employees were offered three different purchase options (before discount): NOK 30,000, NOK 15,000 and NOK 10,000. The discount was 15%, and the shares were subject to a three-year lock-in period.

All members of the Orkla Management Team at the time the programme was implemented chose the highest purchase amount. Based on the closing price on the last day of the order period, this meant a purchase of 395 Orkla shares.

Holdings of Orkla shares

Position	Name	Shareholding 31.12.2021	Purchases 2022	Sales 2022	Shareholding 31.12.2022
President & CEO	Nils K. Selte	107,000	50,395		157,395
EVP Orkla BCG	Atle Vidar Nagel Johansen	28,450	395		28,845
EVP & Investment Executive	Hege Holter Brekke	7,065			7,065
EVP & Investment Executive	Audun Stensvold				
EVP & Investment Executive	Maria Syse-Nybraaten				
EVP & Investment Executive	Øyvind Torpp		24,200		24,200
EVP Finance & CFO	Harald Ullevoldsæter	1,552	6,395		7,947
EVP HR	Christer Grönberg	16,470	395		16,865
EVP Legal	Camilla Tellefsdal Robstad	6,542	395		6,937
EVP Comm. & Corporate Affairs	Håkon Mageli	100,669	395		101,064

Compensation to employee-elected Board representatives

Employee-elected Board representatives

Amounts in NOK 1,000	Salary and holiday pay paid 2021	Board fee	Benefits in kind	Pension costs	Total remuneration
Terje Utstrand	699	596	9	36	1,340
Roger Vangen	582	477	8	31	1,098
Sverre Josvanger	615	613	71	32	1,331
Karin Hansson[1]	393	477	5	30	905

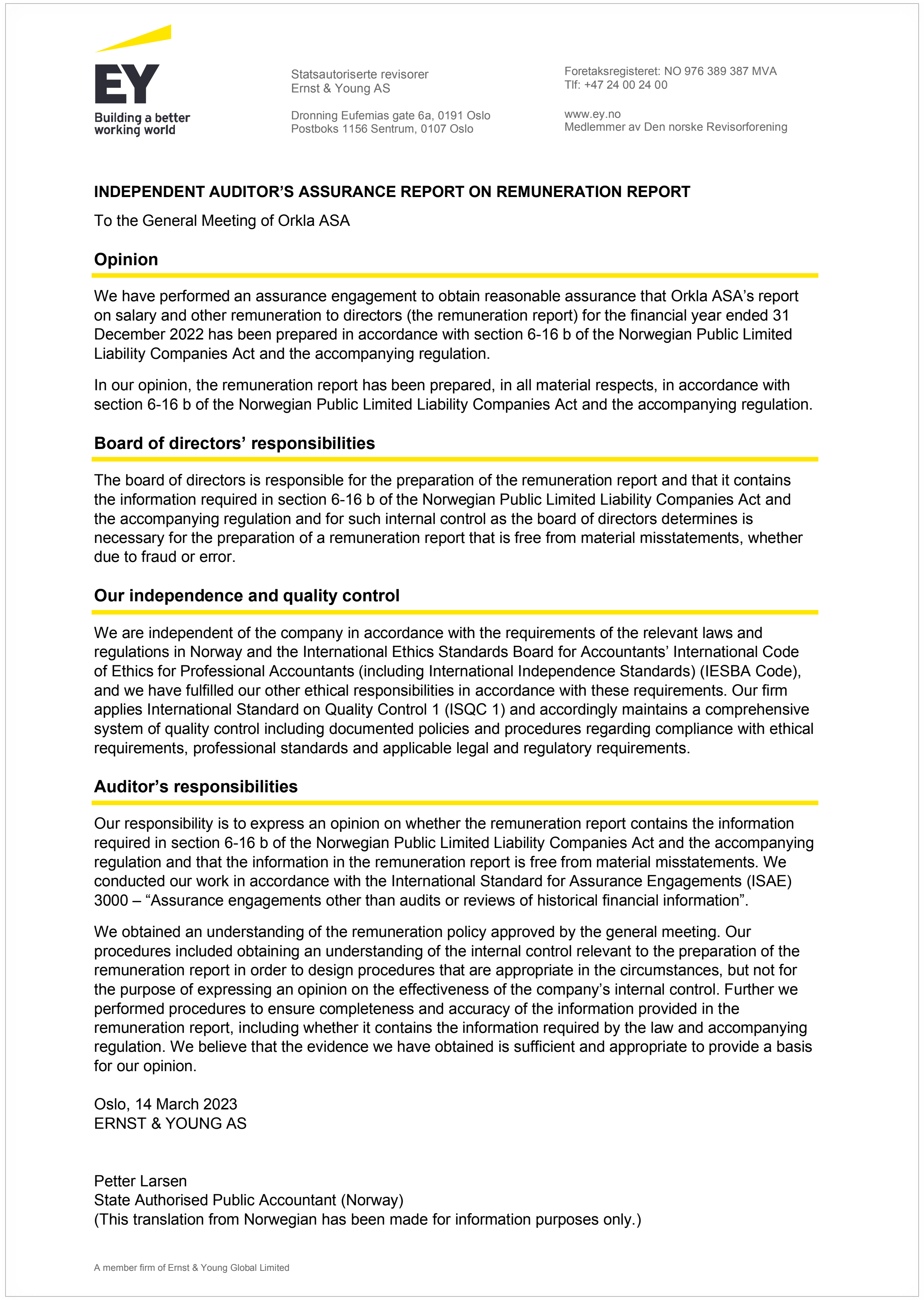
[1] Salary, benefits in kind and pension agreed in SEK but translated to NOK based on average annual exchange rate.

Right to claim repayment of variable remuneration

Orkla will claim repayment of variable remuneration that has been allocated on erroneous grounds. The company’s repayment claims are not affected by the fact that the recipient has left the company. There were no grounds to claim repayment of variable remuneration in 2022.

Deviations from the guidelines

In 2022 Orkla found no reason to deviate from the applicable limits in the guidelines approved by the General Meeting in 2021. The decision-making processes for establishment, approval and implementation of executive remuneration have been carried out in accordance with the guidelines.



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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 2022 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 March 2023
ERNST & YOUNG AS

Petter Larsen
State Authorised Public Accountant (Norway)
(This translation from Norwegian has been made for information purposes only.)

3. Sustainability

Sustainability leadership

Contents

Figure 1

Orkla's contributions to achievement of the global UN Sustainable Development Goals (SDGs)

Orkla has been affiliated with the UN Global Compact since 2005, and we actively support the organisation's ten principles for human and workers' rights, the environment and anti-corruption. We participate in a global mobilisation to attain the 2030 Sustainable Development Goals (SDGs), which were launched by the United Nations in 2015. We use SDG 12 – responsible consumption and production - as a guiding star for our work.

Orkla's companies make the transition to sustainable production and consumption by engaging in environmental and social challenges linked to raw material production, developing recyclable packaging solutions, reducing the climate footprint of our products and developing products for a healthy lifestyle. Through our sustainability work, we also contribute to several of the other global sustainability goals.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

SUSTAINABLE DEVELOPMENT GOALS

2 ZERO HUNGER

- Sustainable production of food raw materials

5 GENDER EQUALITY

- Diversity and gender balance

13 CLIMATE ACTION

- Reduce climate gas emissions throughout the value chain in line with what is needed to limit global warming to maximum 1.5°C

15 LIFE ON LAND

- Contribute to future, regenerative farming practices
- Deforestation-free supply chains

3 GOOD HEALTH AND WELL-BEING

- Health innovation
- Salt and sugar reduction
- Inspire people to a healthy living

8 DECENT WORK AND ECONOMIC GROWTH

- Respect for human rights in the workplace and supply chain

14 LIFE BELOW WATER

- Protect fish resources through sustainable sourcing
- Prevent plastic pollution by developing circular product and packaging solutions

17 PARTNERSHIPS FOR THE GOALS

- Active stakeholder dialogue and partnerships for sustainable production and consumption

Goals and ambitions

We are committed to contributing to the transition to sustainable production and consumption, and in 2018 launched ambitious sustainability targets for the period up to 2025. These targets include science-based targets for reducing greenhouse gas emissions to limit global warming to 1.5 degrees, verified sustainable raw material production, packaging that is easy to recover, reduction of salt and sugar consumption and a good gender balance at management level in every part of the group. Orkla's target of net zero emissions by 2045 was validated in 2022 by the Science-Based Targets initiative (SBTi).

Orkla's sustainability strategy encompasses five main topics: environmental engagement, sustainable sourcing, nutrition and wellness, safe products and care for people and society. These are areas that are significant both in terms of our corporate responsibility and for our commercial success.

Orkla supports the guiding principles for transitioning to sustainable food production and consumption that are set out in the EU's Code of Conduct on Responsible Food Business and Marketing Practices.

Figure 2

Orkla’s sustainability targets up to 2025

Environmental Engagement

Innovate to protect the environment

- > 60% renewable energy
- 65% reduction in greenhouse gas emissions from own operations (70% reduction by 2030)[1, 2]
- 30% reduction in greenhouse gas emissions in the value chain, outside own operations (50% reduction by 2030)[1, 3]
- 30% reduction in energy and water consumption[4]
- 50% reduction in food waste[4]

Sustainable Sourcing

Deliver products with sustainable raw materials

- Ensure respect for worker’s rights
- Achieve verified sustainable production of prioritised raw materials[5]
- Promote sustainable farming and fishing
- 100% recyclable packaging materials
- 75% packaging made of recycled materials
- 50% plastic packaging made of recycled or renewable materials

Nutrition & Wellness

Make healthy living easier

- Double consumption of products and services that contribute to a healthier lifestyle
- 15% less salt and sugar[6]
- Inspire people to adopt a healthier lifestyle

Safe Products

Be prepared to handle emerging risks

- 100% food manufacturing facilities at green level[7]
- 100% approved suppliers[7]
- Continue to ensure that all products are safe

Care for People & Society

Be the change we want to see

- Create strong local engagement for sustainability
- 100% compliance with Orkla’s human rights policy
- Create healthy workplaces with zero injuries
- Women in 50% of leadership positions at all levels
- A culture of integrity everywhere

[1] The targets for greenhouse gas reduction have been approved by the Science-Based Targets initiative.

[2] Scope 1 and Scope 2 in accordance with the Greenhouse Gas Protocol. Base year 2016.

[3] Scope 3 in accordance with the Greenhouse Gas Protocol. Base year 2016.

[4] Base year 2014.

[5] The assessment of importance is based on the risk related to and scope of the Group’s sourcing.

[6] Base year 2017.

[7] Total effect from salt and sugar reduction activities linked to Orkla’s food products. Base year 2015.

[8] In accordance with the Orkla Food Safety Standard.

Progress in 2022

We have made considerable headway in integrating a focus on the environment and social responsibility in business plans, decision-making processes and day-to-day operations. Nonetheless, we made less progress in 2022 than targeted. The war in Ukraine has reduced availability of key food commodities, delayed certain improvement projects and made it necessary to reprioritise resources. High inflation has also made it difficult for many consumers to pay a higher price for products made with certified raw materials or other benefits related to health, environment and responsible production. As a result, growth in sales of products with sustainability-related benefits has been lower than targeted.

Sustainability-related growth initiatives

Orkla seeks to use its sustainability work as a source of increased competitiveness and long-term growth. In the past few years, 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 and Vitana. The companies have also launched new brands for which sustainability is a core element of brand positioning. Examples of such brand innovations are Klar, Jordan Green Clean, Naturli' and Frankful, all of which have contributed to turnover growth for Orkla.

Orkla wants to be a leading producer of plant-based food. In 2022, we achieved a total turnover of NOK 1,240 million for plant-based foods produced by Orkla, an increase of 18% from 2021. Orkla's most important plant-based brands are Naturli', Anamma, Felix Veggie, Frankful, Beauvais Veggie and Lecora Green Line.

The share of Orkla's branded consumer goods turnover derived from products rated as "most sustainable" was 11% in 2022, compared with 16% in 2021[1]. The decline is mainly due to the fact that we adopted more stringent criteria, so the figures are not directly comparable. Many of the companies have extensive plans for further improvement work, and we expect the percentage of these products to increase in the next few years.

Criteria for our most sustainable products

Orkla has established internal criteria for what we consider to be our most sustainable products, and the companies classify their product portfolio on the basis of these criteria. The criteria are linked to our sustainability targets for 2025 and cover four dimensions:

- Sustainably produced raw materials
- Recoverable packaging made of recycled or renewable materials
- Climate footprint
- Products that promote a healthy lifestyle

This classification is a new management tool that makes it easier to monitor our progress in this work. In 2022, we set more stringent requirements for classification as most sustainable, among other things by introducing climate footprint criteria. We are gradually phasing in the new, stricter criteria in 2022–2023.

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[1] Applies to revenues from Orkla Foods, Orkla Confectionery & Snacks, Orkla Care and Orkla Foods Ingredients..

Healthy, sustainable consumption

In 2022, the companies continued to provide guidance in the form of campaigns and other information initiatives to enable consumers to make more informed choices. Orkla Foods Norge conducted a campaign to inspire consumers to cook using leftovers. Orkla Health launched Nutrilett MyWay, an online service for people who want to lose weight. Kotipizza launched a carbon footprint calculator for pizza, and Orkla Foods Lietuva carried out a campaign to inspire consumers to try plant-based food. The companies give consumers guidance on how to sort packaging at source and by improving information on packaging. Some companies also teamed up with the Bower organisation on a deposit-refund system for packaging waste. Several companies expanded their use of the Nordic Swan Ecolabel, the Good Environmental Choice programme and other external labelling systems, thereby making it easier for consumers to compare products.

Climate and environment

In the period from 2016 to 2022, we reduced greenhouse gas emissions from our own operations. Securing renewable electricity has been an important measure for achieving our targets. In 2022, due to the extraordinary situation on the energy market, Orkla was not able to cover its total electricity consumption through Guarantees of Origins. This has had an impact on the climate gas reductions and share of renewable energy for 2022. We are nevertheless still well positioned to reach our target of a 65% reduction in greenhouse gas emissions by 2025 for Orkla's own operations. We are now also working systematically to help reduce greenhouse gas emissions in supplier chains. We are making progress in reducing energy consumption, water consumption and food waste from production. However, if we are to reach the climate and environmental targets we have set for 2025, further actions and investments will be necessary.

Sustainable raw materials

In 2022, the companies continued their efforts to achieve verified sustainable production of priority raw materials by 2025, in accordance with the Farm Sustainability Assessment (FSA) tool, a framework developed by the Sustainable Agriculture Initiative Platform (SAI Platform). Due to a variety of factors, such as the war in Ukraine and climate-related challenges, this work is not advancing as well as targeted. The challenging circumstances have led to reduced availability of some raw materials, delays in improvement projects and a need to reprioritise internal resources. Despite this, the proportion of certified raw materials has increased for several important raw materials.

Sustainable packaging

In the past few years, the Orkla companies have made extensive efforts to use packaging solutions that contribute to increased recovery of packaging waste. The share of recoverable packaging materials was 96% in 2022. The share of packaging materials that have been recycled or come from renewable sources increased from 67% in 2021 to 70% in 2022, and 14% of plastic packaging materials were recycled or renewable in 2022, up from 10% the previous year. We are satisfied with the results we have achieved, but see that it will be difficult to fully reach our 2025 targets in this area. This is because the external infrastructure for sorting and recovering packaging waste is not sufficiently well developed, and there are still few recycled materials that satisfy food safety requirements.

Nutrition and wellness

Products that promote a healthier diet accounted for around 19% of turnover in Orkla Foods, Orkla Confectionery & Snacks and Orkla Food Ingredients in 2022. The companies have continued their long-term efforts to reduce use of salt and sugar. The overall effect of all the measures implemented since 2015 is a reduction in consumption of sugar of around 10%[3] and a reduction in salt consumption of around 5%[2]. Despite our broad-based efforts over many years, we have not quite reached our targeted results. This is due in part to our acquisition of new companies. The work will continue along the same lines as at present, but we see that it will be difficult to reach our target of reducing our overall contribution to salt and sugar consumption by 15% in the decade from 2015 to 2025.

Diversity, equity and inclusion

The proportion of women in management positions at all levels was 40% in 2022, compared with 41.8% the previous year. The change is mainly attributable to the acquisition of new businesses but also a better database for this year's reporting. The proportion of women at management team level increased from 38% in 2021 to 39.5% in 2022. The companies have bold plans to further increase the percentage of women. In 2022, we introduced a new strategy for promoting diversity and inclusion, to ensure that efforts to advance diversity are broad-based and an integral part of the work carried out throughout the organisation.

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[2] There is uncertainty attached to these figures due to inadequate documentation of historical data and differences in methods of calculation.

Sustainability-related impact and risk

Material topics

Orkla's sustainability work encompasses the topics that we consider to be material in terms of the impact that we make, and is also based on commercial considerations. The last time we updated our assessment of material topics was in 2021. The assessment was based on analyses of Orkla's actual and potential impact on people, the environment and society and of our exposure to sustainability-related risk, in accordance with the principle of double materiality. The analyses were prepared with the help of the audit and consulting firm EY and submitted to the Orkla Management Team and Board of Directors for consideration. To provide input for this work, we drew up a stakeholder analysis based on external ESG analyses of Orkla, consumer surveys, political documents and other information available.

The analyses have confirmed that Orkla's sustainability strategy is still relevant and an important tool for developing long-term, competitive operations, ensuring effective risk management and meeting expectations of responsible operations based on due diligence assessments. The strategy covers all impacts and risk factors considered to be material.

Figure 3

Material sustainability topics

Environmental engagement

Innovate to protect the environment

- Reduction of greenhouse gas emissions
- Nature and biodiversity
- Resource management
- Environmentally targeted product development

Sustainable sourcing

Deliver products with sustainable raw materials

- Human rights in supply chains
- Zero deforestation
- Animal welfare
- Sustainable raw materials
- Sustainable agriculture
- Sustainable fishing
- Sustainable packaging

Nutrition & wellness

Make healthy living easier

- Products for a healthier lifestyle
- Collaboration to improve public health

Safe products

Be prepared to handle emerging risks

- Safe food production
- Safe products (non-food)
- Contingency planning

Care for people & society

Be the change we want to see

- Local value creation
- Responsible, inclusive employer
- Integrity
- Occupational health and safety

Impacts of Orkla's operations and products

More than half of the raw materials used in Orkla's own production are agricultural products. The production of food raw materials can entail a risk of biodiversity loss and is often a cause of high water consumption, greenhouse gas emissions and food waste. Social issues and the risk of violations of human and workers' rights are another problem in several of our supply chains. We reduce the risk of negative impacts and contribute to solving sustainability challenges in our value chains by carrying out due diligence assessments, monitoring our suppliers and implementing improvement measures.

As a manufacturer of consumer goods, we use large amounts of packaging, which causes greenhouse gas emissions and packaging waste. In collaboration with packaging suppliers, the waste management sector and other players in the packaging value chain, we are developing recyclable packaging based on renewable raw materials. In this way, we promote increased recovery of plastic and other packaging waste, while also reducing our use of non-renewable resources.

Other areas in which we have a major impact include food safety and public health. Dietary changes are key to reducing the prevalence of lifestyle-related diseases. We can therefore contribute to improving public health by reducing salt, sugar and saturated fat in our food products, promoting increased use of plant-based food products and developing other products and services that foster a healthy lifestyle.

We have a presence in more than 20 countries, thereby creating positive economic ripple effects for local communities in the form of jobs, tax revenues and procurement contracts with local suppliers. Orkla is a major employer, and by investing in skills development and working systematically to ensure a good working environment, we contribute to our employees' job satisfaction and personal development.

Sustainability-related risks and opportunities

The global sustainability challenges affect Orkla's activities and give rise to both commercial risk and new business opportunities.

Volatile raw material supplies

In the past few years, extreme weather, drought and flooding have impacted the price and supply of several of the agricultural raw materials that Orkla sources. This type of climate-related raw material risk can be exacerbated in the coming years if the raw materials are cultivated unsustainably.
In the long term, we also see a risk of reduced availability of some of the fish species that Orkla purchases, because the international agreements that regulate fisheries management are too weak. We are addressing this risk situation by engaging in dialogue and collaboration with suppliers, retailers, competitors, food sector organisations and government authorities with a view to promoting long-term sustainable food supply systems. In addition, we choose key suppliers with access to raw materials from several areas and good back-up solutions.

Resource efficiency

The international energy crisis is spurring development of non-fossil energy sources, but at the same time creating an unpredictable picture of energy prices in the short and medium term. We see a significant potential for cutting costs in the medium term by reducing food waste and other waste.

In the short term, we expect to see higher remuneration for management of packaging waste. To reduce the costs related to use of this type of resource, Orkla companies continue to improve energy efficiency, phase out fossil energy sources, reduce waste, optimise packaging, develop recoverable packaging solutions and explore possibilities for circular innovation.

Sustainability-related customer preferences

Higher costs of living have made consumers more price-conscious in 2022. In most of the markets where we are present, we nonetheless see a long-term trend of rising demand for locally produced food, plant-based food and products that promote better health. Plant-based products and other sustainable protein sources represent important opportunities for income growth for Orkla. At the same time, we consider it important to be able to offer products with verified sustainably produced raw materials, recoverable packaging and a low climate footprint in order to strengthen our competitiveness.

Regulatory amendments

The EU is in the process of introducing a broad set of regulatory amendments and initiatives that will affect Orkla's activities in the coming years. New requirements with regard to due diligence, documentation, product labelling and reporting will lead to higher costs and increase the need to invest in digital support systems and projects to make improvements in the value chain. Orkla keeps close track of regulatory amendments to be able to adapt its activities to the new requirements in a cost-effective way.

Management procedures for sustainability and responsible business practices

Policies and guidelines

We define corporate responsibility as conducting responsible operations with respect for individuals, the environment and society. Orkla's directives on corporate social responsibility describe the general principles for the way our companies must safeguard human and workers' rights, the external environment, occupational health and safety, anti-corruption efforts and other key areas of responsibility. These directives are based on the UN Global Compact's ten principles, the UN Guiding Principles for Business and Human Rights and the OECD Guidelines for Multinational Enterprises. The directives have been approved by Orkla's Board of Directors and apply to the whole group.

Orkla also has general policies for human and workers' rights, environment, health and safety, nature and climate, zero deforestation, animal welfare, marine raw materials, genetically modified organisms, taxes and a Code of Conduct. These policies set out our ambitions, the main principles governing our work and the standards that we set for ourselves and our business partners. Orkla's policies are intended to create positive effects for employees, consumers, customers, employees in our supply chains and the local communities around our businesses, and to help prevent undesirable impacts. The Code of Conduct has been approved by Orkla's Board of Directors. Other policies have been approved by the Orkla Management Team.

In connection with Orkla's transformation into an industrial investment company, we will revise our general policies in 2023 and draw up a document that describes Orkla's standards and expectations with regard to sustainability work in the portfolio companies.

Respect for human rights

Orkla's Human and Labour Rights Policy is based on the UN Guiding Principles for Business and Human Rights and on the requirements for due diligence assessments specified in the new (Norwegian) Act relating to enterprises' transparency and work on fundamental human rights and decent working conditions (Transparency Act). The policy covers all internationally recognised human rights and describes the main principles for the way Orkla will deal with the human and workers' rights that are most relevant for our day-to-day operations. The policy also provides guidelines for how the companies are to carry out due diligence assessments and follow up on them, both in our own activities and in the supply chain. In 2022, we submitted information on the due diligence assessment requirements to the management team of each business area and provided training in application of the policy for senior executives and key personnel in every part of the company.

Implementation of the principles for sustainability and responsible business practices

Orkla's Sustainability Director is responsible for drawing up and implementing policies, targets, strategy, guidelines and reporting procedures for Orkla's sustainability work in close collaboration with other key function managers. Orkla's Chief Compliance Officer is in charge of formulating and implementing criteria and guidelines for responsible business practices, including anti-corruption and ethical guidelines.

The CEO of each Orkla company is responsible for establishing management procedures, targets and action plans for the company's sustainability work in accordance with Orkla's general goals and policies. Each portfolio company decides how its own work is to be organised, but Orkla requires that the companies assign responsibility for strategy, management and reporting of sustainability work to a dedicated member of the company's management team.

The companies have work plans for the strategy period 2022–2024 based on Orkla's sustainability targets going forward to 2025. In connection with the establishment of the new portfolio companies, the companies will review their targets and priorities and draw up plans for the next five years. To ensure that all employees are well acquainted with Orkla's targets, strategy, policies and guidelines, Orkla arranges internal training programmes. In 2023, Orkla will provide the portfolio companies with guidance on analysing sustainability-related impacts and financial risk, and identifying material topics based on the double materiality principle.

Orkla's requirements for and expectations of suppliers and business partners are specified in Orkla's Code of Conduct for Suppliers and Business Partners.

Follow-up

Orkla monitors the companies' work to promote sustainability and responsible business practices through representation on the company boards and annual internal reporting. Orkla has internal networks that are used for training, exchanges of experience, collaboration and reporting. In 2023, as a consequence of Orkla's new organisational structure, we will assess which changes we should make in internal networks and formal cooperation forums.

Orkla's Board of Directors monitors the group's work by means of an annual assessment of the progress made in sustainability work, quarterly reviews of changes in key EHS indicators and ongoing discussions of matters considered to be of material significance for the company. The Board of Directors also reviews Orkla's annual sustainability reporting, including progress in due diligence work and an analysis of risk, impacts and choice of material topics. In 2022, Orkla's Board of Directors commenced a training programme in management of ESG topics and will continue this training in 2023. Sustainability is one of several topics addressed in the Board's annual evaluation of its own work.

Whistleblowing and grievance management

Orkla's whistleblower function enables employees and external stakeholders to alert the company's governing bodies to possible breaches of the Orkla Code of Conduct. The whistleblower function is administered by Orkla's internal audit staff, who report to the Board of Directors' Audit Committee and are independent of Orkla's line management. Furthermore, Orkla's companies in the EU have established whistleblower channels in accordance with the EU's whistleblower rules. Orkla employees can report matters anonymously and in their mother tongue at both Orkla and company level. Grievances are dealt with by the executive management of the individual company, and Orkla's Legal Affairs department and central sustainability team provide guidance and support as necessary. Through Orkla's Code of Conduct for Suppliers and Business Partners, we require our suppliers and business partners to establish similar whistleblower and grievance management systems.

Sustainability reporting

We strive to earn the trust of important stakeholders by reporting openly on matters related to our activities that are of importance to Orkla's value creation in a broad sense. Orkla's sustainability reporting for 2022 has been prepared in accordance with the Oslo Stock Exchange's guidance on corporate responsibility reporting and GRI standards. The reporting also covers most of the core metrics and a number of extended metrics in the World Economic Forum's Common Metrics reporting framework. Orkla's sustainability report and taxonomy report for 2022 are included as separate sections in our Annual Report. In addition, certain matters are reported on in other parts of the Annual Report. A separate report on climate risk, based on the recommendations of the Task Force on Climate-Related Financial Disclosures, may be found on Orkla's website. A complete overview of the GRI Standards and Common Metrics target figures on which we are reporting for 2022 is also posted on the website.

Orkla reports environmental information to the investor initiative CDP and in 2022 scored an A– (leadership level) in the areas of climate and water. We were awarded the score of B (management level) for our work to prevent deforestation in connection with the four raw materials palm oil, soy, meat and timber. We also report to the member-based organisation Ethical Trade Norway on our work to promote responsible sourcing.

Orkla's Sustainability Report for 2022 has been approved by the Orkla Management Team and the Board of Directors. Unless otherwise stated, the key figures in the Sustainability Report concern the period from 1 January to 31 December. The reporting covers all the businesses in which we owned more than a 50% interest as of 31 December 2022, except for companies acquired after 1 July 2022. Data were collected by means of a questionnaire that is sent every year to all Orkla's business units and through our group-wide systems for reporting information on employees, the environment, injuries and sickness absence. Data on certified raw materials and the percentage of recoverable, recycled and renewable packaging materials were collected by means of internal and external questionnaires.

Orkla's climate accounts have been prepared in accordance with the GHG protocol. The environmental and climate accounts have been verified by the audit and consulting firm EY. With regard to the sustainability work carried out by Jotun, in which Orkla has an interest of less than 50%, we refer to Jotun's own reporting.

Stakeholder dialogue

At both Orkla and portfolio company level, we are engaged in active dialogue with various stakeholder groups concerning issues related to our business and our products. Orkla's primary stakeholders are employees, customers and consumers, investors, government authorities, local communities, organisations and suppliers. When assessing which stakeholders are particularly important, we focus on the influence that we can have, our formal corporate responsibility and the stakeholders' importance for our own ability to succeed. Our dialogue with stakeholders is conducted through meetings and other forms of direct communication, surveys, participation in networks and industry organisations and joint projects. Table 1 shows the main forms of dialogue.

In 2022, our dialogue with suppliers, investors and other external stakeholders largely revolved around the war in Ukraine and its consequences for availability of raw materials. At the same time, we continued to pursue our dialogue on important topics such as power relationships along the grocery retail value chain, the Transparency Act, sustainable food production, greenhouse gas emissions, nutrition and health and recovery of plastic packaging.

Orkla is a member of several organisations and initiatives that promote learning and cooperation on important sustainability topics. The most important of these include the UN Global Compact, Ethical Trade Norway, AIM Progress, SAI Platform, Sedex, the Science Based Targets Network and the Circular Plastics Alliance. Orkla is also a member of the Confederation of Norwegian Enterprise (NHO), FoodDrinkNorway and similar employer organisations in other countries, and one of our companies is member of the European industry organisation CAOBISCO.

Table 1

Orkla's dialogue with important stakeholders

Employees

- Orkla has a central corporate democracy system and formal bodies for local employee participation.
- The Orkla Junior Board is an advisory body for the Orkla Management Team consisting of young employees from a broad range of companies and countries.
- The companies conduct regular employee opinion surveys to identify the need for improvements related to the working environment and management.
- The companies use town hall meetings, intranet and digital interaction to ensure active involvement and effective cooperation.

Customers and consumers

- Our companies have consumer and customer service staffs who answer questions and deal with complaints.
- We conduct annual surveys on attitudes regarding sustainability in seven Nordic and Baltic countries.
- Our companies carry out consumer surveys to identify product-related needs.
- The companies engage in an ongoing dialogue with retailers and other professional customers.

Organisations

- We conduct a dialogue with a number of special-interest organisations to discuss specific issues or obtain input for our work.
- We are a member of industry organisations, multi-party initiatives and producer responsibility organisations in order to learn about and collaborate on important sustainability topics.

Government authorities

- We provide input for consultative processes on topics of particular importance for us, either through direct contact or through the organisations of which we are a member.
- In several of the countries in which we are present, we participate in partnerships between government authorities and the food industry, especially in connection with nutrition-related issues.

Local communities

- Our companies engage in a dialogue with local supervisory authorities on food safety and other matters related to our operations.
- The companies have procedures for responding to inquiries from individuals, organisations and businesses in the local communities in which production is carried out.

Investors

- Our Investor Relations team engages in an ongoing dialogue with investors and analysts. Every two or three years we hold a Capital Markets Day to provide information on our long-term strategy and important individual topics.

Suppliers

- Our contracts with all suppliers require compliance with ethical standards.
- Our central procurement staffs and our companies' procurement departments maintain a dialogue with suppliers regarding relevant sustainability topics when entering into contracts, and through audits and meetings when necessary.

Environmental engagement

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The big picture

Global greenhouse gas emissions continue to increase in 2022 and reaching the 1.5 degrees global warming target will be increasingly difficult. The summer of 2022 saw the highest mean temperatures ever recorded, and many countries experienced intense heatwaves. Extreme heat increases the risk of drought, and drought led to poor harvests of many important agricultural raw materials in Europe. Extreme temperatures on the Indian subcontinent, too, caused glacial melting which, combined with violent monsoon rains, resulted in the flooding of one third of Pakistan and destroyed rice crops.

The war in Ukraine has contributed to soaring energy prices and limited energy supplies. The energy crisis has also given rise to initiatives to secure future access to energy from sources other than Russian gas. This could have positive effects in the form of more rapid development of renewable energy.

The events of 2022 have increased awareness of the need for action and the significance of concerted efforts to reach the climate targets, and has underscored the importance of Orkla's goal of transitioning to net zero emissions.

Our impact

The environmental impact of Orkla's own operations is limited. The greatest impact is generated by the production of raw materials and at the consumption stage. We therefore work to reduce emissions and environmental impacts in every part of our value chain. We have ambitious goals of attaining net zero emissions of greenhouse gases by focusing on product innovation, transitioning to renewable energy and reducing energy use, as well as through cooperation and joint initiatives with suppliers. As more and more of our factories reduce their use of energy and make the switch to renewable energy, the climate impact of our products will be reduced.

Orkla's impact on nature and biodiversity primarily stems from the raw materials that we purchase. Serious negative impacts can arise if the production of raw materials leads to tropical deforestation, farmland degradation or reduction of fish stocks. Orkla has a responsibility for, and a commercial interest in, stepping up our engagement to protect valuable ecosystems and promote farming practices that improve soil health and strengthen local ecosystems.

Drought and extreme weather result in higher raw material, clean water and energy costs. The ready availability of these crucial inputs is essential for stable operations, and a scarcity of these resources due to climate change and natural disasters can cause delivery problems and a need to change the production of certain products. Changes in the regulatory environment or political framework conditions can entail increased costs.

Orkla has the possibility to influence consumers to make more environmentally friendly choices in everyday life. At the same time, we believe that being able to offer products with a low climate and environmental impact gives us a vital competitive edge.

Our approach

We have adopted a systematic, comprehensive approach to climate and environmental work in our companies. Orkla's environmental, health and safety policy establishes obligations and guidelines for our efforts to promote a safe, healthy workplace and continuous improvements in our environmental protection work. As part of our transformation into an industrial investment company, Orkla will define clear requirements for the portfolio companies. The portfolio companies are responsible for setting targets, planning and implementing measures and designing systems and procedures for monitoring this work within the framework of Orkla's goals, guidelines and owner requirements.

In 2018, we drew up science-based targets for reducing greenhouse gas emissions in alignment with the Paris Agreement and the 1.5 degree target. In 2022, Orkla committed to net zero emissions of greenhouse gases by 2045. The updated targets have been approved by the Science Based Targets initiative (SBTi) based on its revised framework, which was launched in November 2021. As part of this process, we also changed the baseline year from 2014 to 2016. Moreover, Orkla's climate targets for 2025 and 2030 were revalidated in 2022.

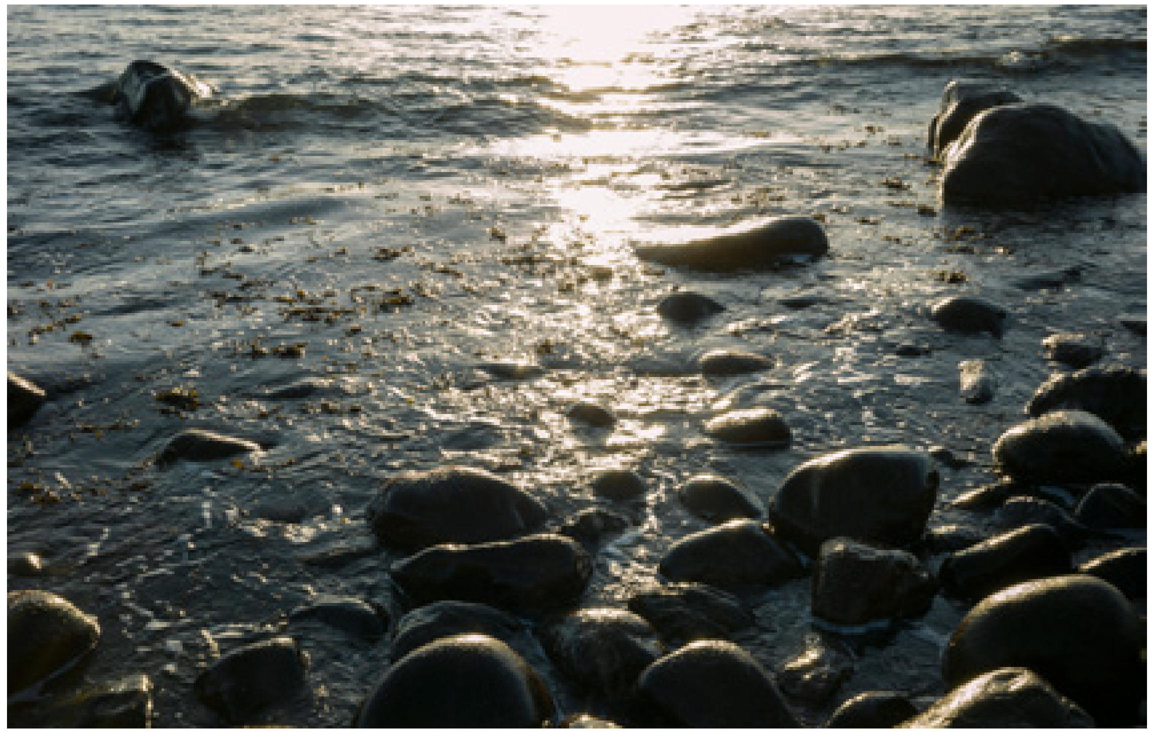
Our approach consists of assessing and understanding the environmental impacts that Orkla has on its entire value chain. This means setting targets, drawing up action plans to reduce and control impacts, and implementing initiatives based on risk and possibility assessments. Through our environmental work we contribute to achieving UN Sustainable Development Goals 6, 12, 13, 14, 15 and 17.

Goals towards 2025

- More than 60% renewable energy in our own operations
- 65% reduction in greenhouse gas emissions from our own operations (Scopes 1 + 2)
- 30% reduction in greenhouse gas emissions in the value chain (Scope 3)[4]
- 30% reduction in energy and water consumption in our own operations[5]
- 50% reduction in food waste from our own operations[5]

[4] Baseline year 2016.

[5] Baseline year 2014.



Developments in 2022

Climate gas reduction

In 2022 we achieved a total reduction of 40% in emissions from our own operations (Scopes 1+2) compared with the baseline year 2016. The total reduction is in absolute numbers. Relative to turnover, emissions were reduced by 41% from 2016.

The reductions we achieve are chiefly due to energy efficiency projects, replacement of fossil fuel with renewable energy sources, purchases of guarantees of origin for the electricity used by our companies in Europe and Renewable Electricity Certificates (RECs) for our electricity consumption in Malaysia and China, as well as long-term power purchase agreements (PPA) for India.

Documentation of the consumption of renewable electricity has been an important measure to achieve our goals. Due to the extraordinary situation in the energy market in 2022, Orkla has not secured its entire electricity consumption through guarantees of origin. This is the main reason for the change in improvement compared to what had been achieved by reducing greenhouse gas emissions (Scopes 1+2) as of 2021.

To reach our 2025 targets for reducing greenhouse gas emissions from our own operations (Scopes 1+2), further improvement initiatives are required, and each of the portfolio companies has its own plans for how to contribute to lowering their emissions.

More than 90% of Orkla's greenhouse gas emissions stem from activities in the external value chain (Scope 3), and we have taken several important steps to bring about a change in these emissions. We have developed a tool that contains data on greenhouse gas emissions for raw materials, packaging and other Scope 3 categories, which can be used to analyse emission figures for various raw materials, suppliers and products. The tool can also be used to prioritise the raw materials and suppliers on which we should focus in order to reduce Scope 3 emissions. We have entered into a dialogue with a large number of suppliers with emphasis on animal-based raw materials, which generate the greatest climate impact. 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.

Nature and biodiversity

Well-functioning ecosystems are a prerequisite for production of raw materials on which Orkla is dependent. Our work to protect nature and biodiversity involves preventing deforestation and conserving vital ecosystems, in addition to promoting sustainable agriculture, forestry and fishing.

Orkla has joined the Science Based Targets Network (SBTN)'s Corporate Engagement Program, which is aimed at devising a methodology for setting science-based targets for nature and biodiversity. This framework will be used to develop Orkla's strategy and targets, and in 2022 we drew up guidelines on nature and climate. The guidelines are intended to clarify requirements, ambitions and key initiatives with respect to nature and climate change, for the whole organisation. They must also meet growing stakeholder

expectations with regard to addressing risk and implementing measures that support nature and biological diversity and counter climate change.
Our greatest impact is indirect and is linked to the primary production of raw materials, first and foremost in agriculture. Orkla's investment in plant-based food is a strategically important initiative aimed at protecting nature and biodiversity, since vegetarian food products require substantially less agricultural land than meat and dairy products, and thus leave more space for natural areas. In the case of priority raw materials, we set requirements for our suppliers regarding certification and other systems that include criteria for protecting and increasing biological diversity. As yet, there are no established standards for measuring impact on biodiversity. In addition to SBTN, we participate 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.

Resource management

We work in a focused and systematic manner to achieve efficient resource utilisation across our entire group. Several of our factories have carried out projects that yield benefits in the form of reduced use of energy or water and increase the proportion of renewable energy used. The companies implement measures to reduce waste in both production and other areas of their operations. Until 2025 we will continue our systematic efforts to control use of important resources, cut waste by half and reduce the use of fossil energy.

Energy and water

28% of Orkla's energy comes from renewable sources. In absolute terms, Orkla's total energy consumption is at the same level as in 2014, but production volume and turnover have increased at the same time. Of this, we estimate that electricity accounts for 40%, remote heating 7% and the remaining 53% from thermal energy. The reduction in energy use relative to turnover is 37%. The percentage of renewable energy was reduced in 2022 compared to 2021. Due to the extraordinary situation in the energy market in 2022, Orkla has not secured the entire electricity consumption through guarantees of origin and thus reduced the proportion of documented renewable electricity. Further investment in renewable sources will be necessary if we are to reach the target of 60% by 2025.

In 2022 several companies carried out campaigns to raise employee awareness of smart use of energy, and both factories and office premises are reducing their energy consumption by optimising use of lighting and installing LED lights. A number of companies are in the process of installing solar panels in order to be able to produce their own renewable energy. In 2022, Credin Portugal installed solar panels at its factory in Freixeira which will cover up to 40% of its total energy use.

Optimisation of ventilation and steam systems at Orkla Danmark's factory at Skælskør has reduced consumption of both electricity and gas, an improvement that also cuts greenhouse gas emissions by 34%. Furthermore, the amount of cooling water used in jam production has been reduced by 30% of annual consumption.

At Orkla Foods Sverige's factory in Kumla, the company has invested in a new heating furnace and a transition to renewable energy. Wood pellets have replaced liquified petroleum gas (LPG) as an energy source.

As a producer of consumer goods, we are dependent on access to sufficient quantities of high-quality fresh water, both now and in the future. Water is used in many areas of our value chain. It is a key input for cultivating various agricultural ingredients that we use in our products. We also use water directly as an ingredient in many of our products and for cleaning. High-quality water will continue to be an important component in every part of our value chain. We are therefore focusing on reducing Orkla's impact on bodies of water. Water is primarily supplied to Orkla's businesses by municipal water works, while a far smaller percentage is drawn from groundwater. We do not use water from rivers, lakes or wetlands, which could potentially impact biodiversity.

Orkla's production facilities comply with local and national regulations governing wastewater treatment, in addition to meeting the requirements for wastewater treatment set out in Orkla's EHS standard. The quality of the wastewater generated by most of the plants is good enough for the wastewater to be delivered to municipal waterworks or released to surface water without having to be treated. Orkla's water discharges therefore have little impact on the environment. In 2022, Orkla Foods Sverige had three minor discharge events at its production plants in Eslöv and Vansbro that resulted in fines. Orkla Latvija received a fine for inadequate treatment of wastewater. Both companies have carried out relevant improvements that will prevent discharges of this kind in the future. In 2022, Credin Portugal paid a fine imposed in a case from 2017 concerning wastewater treatment. After a lengthy dialogue between the company and the local authorities, the company was permitted to build a new water treatment plant in 2019.

To identify risks such as flooding and drought, Orkla now utilises the WRI Aqueduct water risk mapping tool. We have mapped all the locations in which Orkla operates and concluded that only the companies in India and Romania are in at-risk areas. These companies account for 2% of total water withdrawals. We aim to reduce the risk of water stress through collaboration with our suppliers and certification of raw materials. We will also increase water recycling at our factories and optimise treatment processes.

Orkla's water consumption has been reduced by 26% since 2014. In order to reach the target of a 30% reduction in water consumption by 2025, our companies, and especially our factories, are working systematically to reduce their use of water. They can lower consumption by installing water recycling systems and by initiating other types of improvement jointly with other actors in the value chain.

In 2022, Orkla Foods Česko a Slovensko carried out a water-saving project at its factory in Babice, where large amounts of water are used in the canning of patés and ready meals. By reusing water from sterilisation processes, the company can potentially save around 300 000 litres of water per year, or 75% of the factory's water consumption. In addition, the residual heat from the process water is used, generating a saving of 10% of gas consumption.

Waste

We work systematically and with a long-term perspective to reduce food waste and other waste in all our businesses. We have reduced the quantity of organic waste by 9% since 2014, but relative to turnover, the reduction is 53%, which is an expression of increased production in the period. Food waste is included in the total amount of organic waste. The 2025 target of a 50% reduction in production-related food waste is therefore achievable.

The production of consumer goods requires substantial volumes of raw materials and packaging, which in turn gives rise to a need for waste treatment at both the production and the consumption stage. We have therefore adopted a holistic approach to waste treatment and focus on reduction at every stage of our value chain. Food waste is one of the major negative consequences of Orkla's operations, and we address this problem by analysing waste, training our employees, replacing equipment, improving handling methods, joining forces with local players and donating surplus food. At present, the waste we generate in our own operations is dealt with by third parties, and disposal is controlled through contracts. A large part of the organic waste is used in animal feed or converted into biogas through anaerobic decomposition. One of our environmental targets is zero waste to landfill, and we are well on our way to reaching this objective.

We are also working to reduce consumer waste by improving packaging and packaging design. For example, we focus on protecting the product and prolonging its shelf life, adapting the size of packaging to consumer needs and designing packaging to make it possible to empty all the product from the packaging and minimise residues.

Most of our companies recover or reuse parts of their waste, either internally or in cooperation with external partners. In 2022, several companies took steps to reduce waste. For example, Orkla Foods Norge's factory at Stranda reduced waste from Big One pizza crusts by 77% by changing pans.

18%

growth in turnover from plant-based products

This improvement resulted in an estimated annual reduction in waste of 287 tonnes of raw materials.

Environmentally targeted product development

We work purposefully to reduce the climate and environmental impact of our products and are investigating potential circular solutions.

An important contribution to reducing our climate impact is our investment in plant-based food. Our goal is to become one of Europe's leading players in plant-based food by 2030. In 2022, several new plant-based products were launched, and existing products were introduced in new markets. We had 18% growth in turnover from plant-based products in 2022. Our target is turnover of NOK 3 billion from priority plant-based food brands by 2024.

Orkla Alternative Proteins (OAP) is exploring new technologies, ingredients and innovations to make plant-based products healthier and tastier, so that more consumers will choose these products. OAP works closely with the companies in Orkla Foods and Orkla Food Ingredients that develop, market and sell plant-based products. Several of the companies are also testing new plant-based meat substitutes.

In 2022, Orkla Foods Sverige launched a vegan version of Kalles kaviar cod roe spread. Kalles vegan has a climate footprint that is around 30% better than that of the original Kalles kaviar. Panda strives to be on the cutting edge when it comes to sustainable sweets, and in 2022 Orkla Suomi launched new varieties of plant-based licorice, Panda licorice with vegan chocolate and Panda vegan licorice sticks. In 2022 Orkla Foods Norway moved the plant-based Naturli' cafe from Skøyen to Grünerløkka in Oslo to reach more consumers.

We consider seaweed and kelp to be a potentially important contribution in the long term to ensuring climate-friendly food that is also nutritious and tasty. Seaweed and kelp are marine vegetables, and are found in over 12,000 different varieties around the world. Cultivating them may yield a range of benefits for both climate and the environment, such as carbon binding and creating good growth areas for shellfish and fish. Moreover, cultivating these plants requires no land, and entails no discharges of chemicals or waste to the surrounding environment.

Orkla Ocean works closely with specialist communities and industry players to make these products available. Among other things, they have teamed up with several companies in Orkla Foods to create new recipes and products with a focus on tastiness and improved nutritional content. In September 2022, Orkla Ocean took part in Idun's taste fair with crispbread, focaccia and macaroons made with seaweed and kelp. Credin Sverige has launched a baking mix containing sugar kelp, and TORO uses seaweed and kelp in its Spicy Noodle Wok ready-to-eat meal. Naturli' and Anamma use seaweed and kelp to add flavour to their plant-based products. Grandiosa has launched a plant-based taco pizza in its Delux range, and here too seaweed and kelp are used to attain the desired flavour.

Orkla Foods Europe is engaged in a research project on biochar, in which biochar is produced through pyrolysis of agricultural or forestry residues. Biochar has also been spread on the fields of two of our contract farmers in Sweden for the purpose of studying factors that could reduce nutrient leakage, increase drought resistance and improve crop yields. Biochar remains stable for a very long time and can also be used for carbon storage and in circular solutions.

Påfyll is a new digital platform and circular service developed jointly by Orkla Home & Personal Care, Bakken & Beck and Æra Strategisk Innovasjon to help consumers live a more eco-friendly life and reduce their use of single-use plastics. The service delivers everyday products such as soaps and cleaning products right to consumers' doorstep in reusable containers. When the container is empty, it is collected, refilled and delivered again. Påfyll was launched on a small scale in 2022 and will be upscaled in 2023.

The way ahead

To enable us to reach our climate and environmental targets for 2025, additional initiatives and investments are necessary. In the case of value chain emissions, we see that it will be difficult to reach the Scope 3 target of a 30% reduction in greenhouse gas emissions by 2025, but a systematic, structured approach will take us a long way towards our goal. Our primary focus will be on developing a database for measuring improvement measures. We will prioritise collaboration with selected suppliers and intensify our work on product development that leads to lower greenhouse gas emissions. Increased dialogue with customers and communication with end users will also be important.

Reaching our targets for net zero emissions by 2045 will require continued transitioning to renewable energy sources and initiatives to increase resource use efficiency in our own businesses, combined with systematic efforts to bring about the same transition in the rest of our value chain. We will increasingly engage in research programmes and networks to develop methods, indicators and science-based environmental targets.

Sustainable sourcing

Contents

The big picture

In 2022, the combination of war, drought in Europe and flooding in Pakistan affected the availability and prices of several agricultural crops which are of high importance to Orkla and interrupted ongoing initiatives to achieve sustainable raw material production.

The corporate responsibility of human and environmental due diligence in supply chains is currently moving from soft to hard law through the adoption of the Norwegian Transparency Act, the upcoming EU Corporate Sustainability Due Diligence Directive and the proposed EU ban on forced labour, and the responsibilities of companies like Orkla are increasing.

Our impact

Orkla has more than 25,000 direct suppliers. Most suppliers are located in Europe and India, but many of the raw materials we buy come from other parts of the world. This gives us an opportunity to positively impact the many workers in our supply chains. It is therefore important that we set requirements for and collaborate with our suppliers to ensure that all workers are treated fairly.

Our food production makes Orkla one of the biggest purchasers of agricultural and fish raw materials in the Nordic region. This gives us the opportunity to place sustainable farming and fishing high on the agenda and contribute to a long-term, positive development of the food sector.

Our efforts to promote sustainable raw material production are important to enable us to offer products that meet the expectations of consumers, professional customers, and other important stakeholder groups.

Orkla is also a major purchaser of packaging and therefore takes responsibility for addressing the environmental challenges posed by littering and poor waste management. Our companies contribute to packaging waste recycling by developing new packaging solutions and collaborating with packaging suppliers, the waste sector, and external centres of expertise. Extreme weather, infertile soil and other effects of the climate and biodiversity challenges are increasing raw material costs and limiting the availability of certain food raw materials. Violations of human rights and environmental problems in supply chains represent a reputational risk to Orkla as a company and to our brands.

Our approach

To work effectively with our many suppliers and ensure responsible business practices in line with the principle of corporate sustainability due diligence, we have adopted a risk-based approach to strengthening responsible business practices in our supply chain. This approach entails having procedures for risk assessment, monitoring suppliers and reporting. In 2022, we implemented a new digital supplier portal that gives us a better way to follow up our suppliers and enables us to monitor risk factors more effectively. New suppliers must comply with Orkla's policies and guidelines to be approved in the portal, and it is a helpful tool for improving oversight of existing suppliers.

We purchase materials from many suppliers and prioritise the suppliers and supply chains where the risk of non-compliance with Orkla's Supplier Code of Conduct is greatest. We carry out an annual risk screening of our suppliers based on criteria related to working conditions, EHS, the environment and ethics. High-risk suppliers undergo a more detailed risk assessment using a standardised method developed by the organisation Sedex. The method entails completion of a self-assessment questionnaire and an ethical audit based on the SMETA 4-Pillar framework if we consider it necessary.

In the case of high-risk materials, we choose suppliers who maintain high standards and have their own sustainability programmes. Additionally, we often use third-party certification standards that include requirements and monitoring procedures for specific risks.

Goals towards 2025

- Ensure respect for workers' rights
- 100% verified sustainable production of prioritised raw materials
- 100% recoverable packaging materials
- 75% packaging made of recycled materials
- 50% recycled or renewable plastic packaging materials

Our work with sustainable sourcing and packaging contributes to the UN Sustainability Development Goals number 2, 13, 14, 15 and 17.

Developments in 2022

In 2022, we continued our risk assessments and close follow-up of our suppliers. We also implemented measures to secure responsible business practices in our supply chain and to contribute to sustainable production of raw materials. Due to the war in Ukraine, repercussions of the pandemic and other factors, this has been challenging work and we have not achieved the intended progress. We have nevertheless succeeded in increasing the certification share for several important raw materials.

Human rights in supply chains

The Orkla Supplier Code of Conduct (SCoC) makes our ethical requirements and expectations clear to our suppliers. These requirements are based on the UN Declaration on Human Rights, the ETI Base Code, and the UN Global Compact's ten principles for responsible business and contain strict obligations to respect human rights. The SCoC contains clear requirements to accept no child labour and forced labour, and respect for the right to freedom of association and collective bargaining. In 2022, the Supplier Code of Conduct was updated with strengthened requirements regarding topics such as human rights due diligence, diversity, equality and inclusion, environment, and emissions reductions.

The sourcing of raw materials such as cocoa, palm oil, and hazelnuts unfortunately carries a risk of child labour in their respective supply chain. The Child Labour Monitoring and Remediation System (CLMRS) is used in segments of our supply chain where child labour has been identified as an inherent risk. Part of Orkla’s strategy to prevent and eradicate child labour in these supply chains is to source certified and traceable raw materials. For instance, we have the target of sourcing 100% Rainforest Alliance-certified cocoa by 2025. An essential part of this standard is the assess-and-address approach to reducing the risk of child labour. However, certification is not enough to guarantee sustainable raw materials. Therefore, we carefully select our suppliers and engage in strategic partnerships to contribute to an industry-wide approach to addressing the issue.

We acknowledge our responsibility to engage in activities to ensure a living wage for workers in our supply chains. Through Orkla’s SCoC we require suppliers to provide wages for their employees which are sufficient to meet basic needs. For certain high-risk raw materials, we are buying certified ingredients which is a way of improving farmer income. In addition, we collaborate with suppliers who participate in sustainability programmes.

As part of our efforts to address the challenges linked to human rights and the environment, we actively participate in industry initiatives involving companies, government authorities and expert organisations such as Ethical Trade Norway, AIM-Progress, Sedex and the Sustainable Agriculture Initiative Platform (SAI Platform).

Zero deforestation

Preventing deforestation is an important means of limiting climate change. Deforestation accounts for 10 to 15% of global greenhouse gas emissions and poses a threat to biological diversity, as well as a risk of violating the rights of indigenous peoples.

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.

Most of the raw materials used by our companies come from countries where the risk of deforestation is low, but there are certain exceptions, such as cocoa and palm oil. For high-risk materials we collaborate with selected suppliers who carry out their own programmes to ensure deforestation-free raw material production. In addition, we increasingly purchase raw materials certified in accordance with reliable third-party standards that include requirements of deforestation-free production. We have signed the UN New York Declaration on Forests and report through CDP Forests on the progress made in our work.

Of our raw materials that entail a risk of deforestation, 86% come from low-risk countries or are covered by certification programmes.

Animal welfare

Several of our products contain ingredients or components that derive from animals. Orkla's animal welfare policy covers animals' welfare before, during and after their productive life. The purpose of the policy is to increase awareness of animal welfare, provide guidance for our suppliers and promote more responsible business practices. We also have detailed category-specific animal welfare requirements for our biggest categories, including beef, pork, dairy products, and eggs. All suppliers of animal products must comply with these requirements.

During 2022 we started to update the Animal Welfare Policy and Product Category Requirements to better align with best practices, standards, and legislation. For example, we are currently deciding on suitable certifications for verifying supplier fulfilment by means of third-party revision. The updated requirements will be rolled out during 2023.

We also reviewed and improved the process for mapping and measuring the status of animal welfare in our supply chain. This information is gathered via Orkla's newly implemented supplier portal and will be used to improve performance reporting and to identify areas of improvement for our animal welfare work.

Orkla is a member of industry-wide working groups on animal welfare, such as the Sustainable Dairy Partnership and European Roundtable for Beef Sustainability, via the SAI Platform.

In 2022, Orkla was ranked at level three out of six by the Business Benchmark on Farm Animal Welfare (BBFAW). We continue to focus on improving our practices in areas linked to the parameters in this evaluation.

In 2022, a total of 69% of the eggs used in the production of our branded products came from hens that were able to move around freely in a barn or outdoors. Progress has been slower than expected due to limited availability of shell eggs caused by increased input costs and less profitability for egg producers.

Sustainable raw material production

The raw materials that Orkla purchases must be produced with respect for human rights, good environmental standards, and responsible business practices. This also means contributing to the transition to long-term sustainability of agriculture, fishing, and other raw material production. Orkla Group Procurement identifies the risks related to the different materials and prepares action plans in collaboration with the Orkla companies. We want all prioritised agricultural raw materials to be produced according to standards which meet the requirements for sustainable agricultural production of the Farm Sustainability Assessment framework at minimum FSA silver level. The agricultural practices must be documented through a certification scheme or other standards benchmarked as equivalent to the FSA silver level.

During 2022, the companies have continued to work towards the target of 100% verified sustainable raw materials by 2025. More than half of the companies have established roadmaps with yearly targets, and status against the targets is tracked on a yearly basis. Orkla has initiated efforts to establish roadmaps for the remaining companies. For the non-food companies, we will establish minimum requirements for raw materials that are not covered by the FSA framework.

The FSA silver level is our minimum requirement when it comes to cultivated agricultural raw materials, but we are also looking beyond the FSA. Regenerative farming is emerging as an interesting concept with the potential for restoring soil health, increasing biodiversity, and reducing pollution to water from agriculture. Farming practices that reduce carbon emissions and use the soil's ability to hold carbon play a key part in achieving climate targets. Orkla is engaged in a project initiated by the SAI Platform with the ambition of developing a common understanding of the concept across the industry and providing a framework for regenerative agriculture. The Orkla Foods companies are planning to explore the opportunities linked to supporting farmers in the conversion to regenerative farming, and Orkla Foods Sweden is participating in a few pilot projects to build knowledge.

Below we report on risk issues and the progress of our work for important raw material categories.

Cocoa

Cocoa is a key raw material in chocolate production and is used in our numerous strong, local chocolate brands in the Nordic and Baltic regions. Our companies purchase substantial quantities of cocoa in the form of both ingredients and finished chocolate products.

The cocoa sector in West Africa, particularly the Ivory Coast, 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 crops, lack of farming expertise, pests, and disease. Serious issues such as child labour, deforestation and soil impoverishment are linked to underlying causes such as poverty, low prices, inadequate infrastructure, and weak supervisory authorities.

In 2022 a team from Orkla Group Procurement, Orkla Confectionery & Snacks and Orkla Latvia went on a nine-day trip to the Ivory Coast and Ghana to visit cocoa farmers. The purpose of the trip was to assess Orkla's cocoa supply chain with focus on sustainable sourcing. The team was able to witness the positive impact of Rainforest Alliance certification for farmers on a local level, and the field trip reaffirmed our belief in certification as a means of achieving continuous improvements. Our companies are nearing the target of certifying all cocoa under the Rainforest Alliance Certified programme (formerly UTZ). In 2022, 92% of the cocoa we used was certified.

Together with one of Orkla's key suppliers, we are in the process of implementing a traceability system for cocoa, and currently around 37% of the cocoa ingredients used in our own chocolate production are traceable.

In 2022 Orkla was assessed by the Mighty Earth Easter Scorecard for the first time. The chocolate scorecard is an accountability measure that rates companies on six important areas of action for the chocolate industry: human rights due diligence, transparency and traceability, deforestation and climate change, agroforestry, living income policies and child labour. It focuses on the production and supply chains that start in West Africa and most of the largest chocolate companies in the world are assessed. Orkla received a medium score which shows that we still have work to do on policies and implementation, especially regarding traceability and transparency, living income and child labour.

Orkla Foods Sverige and Orkla Foods Norge are working towards having all their factories that use cocoa, hazelnuts, black pepper, and coffee as raw materials certified by the Rainforest Alliance. In 2022, Orkla Foods Sverige was granted a certification for cocoa in its factory in Örebro and will continue the process of certifying the rest of its factories in 2023. Orkla Foods Norge's production sites were certified in December 2022. In 2023 90% of Orkla Latvia's chocolate products should be Rainforest Alliance-certified.

Palm oil

Palm oil is linked to a risk of deforestation, which leads to greenhouse gas emissions and destruction of nature's ecosystems with subsequent loss of biodiversity. There is also a risk of workers' rights violations in the palm oil value chain.

Our companies actively seek to ensure that the palm oil that they use is traceable and sustainably produced. We use the Roundtable on Sustainable Palm Oil (RSPO) certification scheme to reduce the risk of deforestation and other undesirable practices.

Orkla's use of palm oil is primarily related to the companies in Orkla Food Ingredients (OFI) and the production of margarine. Our companies have engaged in active product development for several years to replace palm oil with alternative raw materials, while also working to ensure that all palm oil is RSPO-certified. The war in Ukraine severely reduced the availability of sunflower and rapeseed oil during the first part of 2022. As a consequence, some of our companies temporarily reverted from these vegetable oils to RSPO SG palm oil.

In 2022 we continued our efforts to monitor suppliers and increase the proportion of RSPO-certified raw materials. 98% was certified (RSPO SG, RSPO MB and RSPO Credits). In 2023 we will continue the work to increase the share of RSPO-certified palm oil in our portfolio.

Nuts

Nuts are a key ingredient in many of our products, and we purchase several types of nuts. In 2022 we have focused on hazelnuts, cashews and peanuts.

Cashews

The main challenges with cashews are the lack of traceability and the risk of poor working conditions. Approximately 90% of cashews purchased by Orkla are processed in Vietnam, while West Africa is the main growing origin.

The process of ensuring that cashews are sustainably produced is very difficult since there is no certification system that is sufficiently comprehensive or quality assured. Orkla's long-term goal is to secure verified sustainably produced cashews that meet FSA silver or equivalent criteria.

During 2022 Orkla initiated discussions with relevant actors in the industry, including SAI Platform and the Rainforest Alliance, to drive sustainability work in the supply chain and contribute to certification. As part of a project led by Ethical Trade Norway in Vietnam, working standards seminars for processors were organised. Furthermore, farmer sessions on good agricultural practices and working standards were carried out with the participation of 80 farmers. Lastly, the training manual for trainers on good agricultural practices was revised.

In 2023 we will continue to participate in the Ethical Trade Norway project with focus on strengthening processors, social dialogue training for worker representatives at cashew exporters, and setting up an online network for sharing of good practices and technical support. Furthermore, Orkla will focus on gaining more knowledge about the West African industry through close collaboration with suppliers in the region.

Hazelnuts

The cultivation of hazelnuts can involve challenges such as low productivity, social problems related to seasonal workers' working and housing conditions during harvesting and cases of child labour.

In 2022 our companies continued to increase the proportion of hazelnuts certified by the Rainforest Alliance (formerly UTZ certified). Of the hazelnuts used by our companies 59% were certified in 2022. During the year, Orkla has supported the Rainforest Alliance and Orkla suppliers in Italy in implementing the Rainforest Alliance hazelnut programme. We expect to obtain approval in 2023, which is expected to have a positive effect on our certification percentage.

In 2023 we plan to engage more Orkla companies in the certification process and to secure approval of Rainforest Alliance certification in Italy as well as for relevant Orkla suppliers.

Peanuts

Orkla Confectionery & Snacks Sverige has decided to invest further in the sustainability of the peanut supply chain and is participating in a SAI Platform project in the Argentine peanut industry. Phase 1 was finalised in 2022. As a result, two thirds of our Argentine peanut suppliers have reached the FSA Silver level.

Wild forest berries

Wild forest berries, such as blueberries, lingonberries, and cloudberries, are used in several of our products, but especially in jams. The main challenge with regard to forest berries is the social aspects related to the berry pickers' working conditions. There is also a risk related to living wage and, in the past, there have been incidents of forced labour in Scandinavia, related to pickers traveling from Thailand. Orkla cooperates with trade organisations and peers to address these issues and promote sustainability in the industry.

There is a lack of verified sustainably produced forest berries. Orkla has collaborated with industry actors from Sweden (ICA, Coop, Axfood, IKEA) and trade organisations to develop a guideline for responsible berry purchases that is now used by our suppliers in Scandinavia. Furthermore, Orkla is in dialogue with our suppliers to implement the use of standards addressing working conditions, such as the Swedish IP standard for working conditions (IP Sigill Arbetsvillkor). In addition, Orkla has participated in the work facilitated by SAI Platform, together with peers, on establishing an internationally accepted industry standard for wild-grown crops, which was launched in 2022.

Soy

Growing demand for soy can lead to deforestation, especially in countries like Brazil, which accounts for much of the world's soy production. We primarily use soy protein from countries with a low risk of deforestation in Europe and North America, but in these areas other types of challenges can arise.

During 2022 one of Orkla's major soy protein suppliers switched to sourcing soy that is certified at FSA Silver level. The Donau Soja certification that is used in Europe was benchmarked against FSA and the Donau Soja certification is now equivalent to FSA Silver. This helps Orkla reach its 2025 targets of 100% verified sustainably produced soy. In 2022, 64% of the soy purchased by Orkla was certified.

Marine raw materials

Fish is a key raw material for both food-related brands such as Stabbur-Makrell and Abba Sill and health-related brands such as Möller's. Most of our marine resources come from the North-East Atlantic.

Several species of fish are threatened by overfishing, independently of geographical origin or species. It is important to prevent overfishing in order to maintain the natural balance in the marine ecosystem. In addition, there is a risk of breaches of workers' rights in the value chain for marine raw materials.

Certification programmes such as the Marine Stewardship Council (MSC) and KRAV standards help ensure that the fish stocks purchased by our companies are monitored and maintained at a satisfactory level. We also carry out our own analyses of changes in the stocks of the raw materials our companies purchase. Moreover, we are engaged in a dialogue with the industry, the authorities, and external centres of expertise on how to solve the challenges related to the fish species that we buy. The percentage of MSC-certified fish raw materials from the North-East Atlantic Ocean has decreased since 2019. During these years the fishing quotas for mackerel agreed on by the coastal states have exceeded the recommendations of the expert organisation ICES, and as a result, it has become impossible to obtain certification of mackerel.

In 2022, MSC certification of large part of Atlantic cod stocks was suspended due to the risk of a bycatch of the stock of Norwegian coastal cod. All cod caught within 12 nautical miles of the coast is not MSC-certified, and this has led to a further decrease in the percentage of MSC-certified raw materials. The share of MSC-certified marine raw materials for Orkla in 2022 was 27%.

In 2022 we continued to work with authorities and fishing organisations to establish agreements between the coastal states in order to ensure sustainable fishing and certification of fish such as mackerel and herring. For example, we actively participate in the North Atlantic Pelagic Advocacy Group (NAPA). We have also taken part in discussions with MSC and Norwegian authorities to find a solution for the North Atlantic cod.

In 2023, we will continue our efforts to obtain MSC certification of the raw materials sourced by our companies. We will also continue to pursue a dialogue with the authorities on sustainable fisheries management. Reaching international political agreement on how herring and mackerel quotas are to be shared between coastal states will be essential to ensure sustainable fishing and certification.

Textile raw materials

The Orkla company Pierre Robert Group (PRG) consistently selects raw materials that are less harmful to the environment and chooses recognised certification programmes that ensure responsible production throughout the value chain. The materials used by PRG are primarily merino wool, cotton, and synthetic fibres.

The challenges related to 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 breaches of workers' rights, and climate change poses a challenge for wool. PRG has zero tolerance for animal abuse and requires that 100% of the merino wool purchased by the company comes from farms with high animal welfare standards. All its merino wool is mulesing-free. In 2022, 99% of PRG's merino wool garments were Nordic Eco labelled.

Cotton is a natural, renewable fibre, but production processes are both water-intensive and require a great deal of fertiliser and pesticides. This, combined with aggressive farming practices, can lead to the degradation of natural systems and biodiversity loss. 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.

PRG aims to ensure that all the cotton purchased by the company is organic, and mainly uses the Global Organic Textile Standard (GOTS) certification programme to achieve this goal. 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. In 2022, 97% of PRG's cotton products were made of organic cotton.

Synthetic materials pose several environmental challenges. These textiles are primarily made from oil, which requires extensive energy and resources to extract. In addition, synthetic garments can release microplastics during washing.

PRG works systematically to replace new synthetic fibres with recycled synthetic materials to reduce the use of non-renewable resources in its textile production. For example, the company uses recycled polyamide, which mainly comes from textile waste or old fishing nets, or recycled polyester made from recycled bottles. Most of the recycled materials that PRG uses are GRS-certified, which is an international labelling scheme that certifies the origin and percentage of recycled materials in various textiles. In 2022 the proportion of products made from recycled synthetic fibres was 61%. Polyester was replaced with 100% wool or Tencel™ Lyocell in the wool collection during 2022.

PRG won the Green Fashion Label of the Year at the 2022 Costume Awards.

Sustainable packaging

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.

Around 20% of the packaging we use is plastic of various types. Plastic usually comes from non-renewable resources, and we wish to reduce the use of virgin plastic. Our companies are making concentrated efforts to use recycled or renewable plastic. This is important to advance the transition to circular value chains. We are cooperating with packaging suppliers and other partners to develop new packaging solutions that minimise use of fossil raw materials, are easy to recycle and promote more recycling.

70%

recycled or renewable materials

For certain products no recyclable materials which satisfy functional needs are currently available. The availability of recycled plastic materials which meet food safety and other quality requirements is also very limited. To increase the availability of such materials there is a need for huge improvements in the waste handling systems across Europe and for building a more efficient market for recycled materials.

During 2022 we engaged with local extended producer responsibility (EPR) systems to discuss our criteria for prioritisation of packaging materials. We have also had an active dialogue with waste management systems to understand future developments and impacts on our portfolio. This has led to a better understanding of the handling, sorting, and recycling of our products.

New or updated regulations on packaging design and packaging waste are being introduced in the EU which will have an impact on our portfolio. The purpose of these regulations is to accelerate changes that will increase recycling of packaging waste, reduce the amount of material used and prevent littering. Examples of measures include stricter recyclability requirements, empty space restrictions, harmonised labelling, and various types of taxes.

Our companies are searching for creative ways to reduce the amount of material in packaging. By reducing the material's thickness and avoiding unnecessary packaging, we can make more effective use of resources and optimise transportation. For example, in 2022 Orkla Foods Norway reduced the thickness of its cardboard pizza packaging, resulting in a reduction of 220 tonnes cardboard.

We have made substantial progress in our work in the last few years. In 2022 96% of the packaging materials used were recyclable, 70% of the materials were recycled or renewable and 14% of the plastic packaging materials were recycled or renewable.

Orkla Home & Personal Care launched several products with carton packaging in 2022, both as a refill solution and as a main packaging solution. This applies to brands such as Klar, OMO, Milo, Blenda, Grumme and Lumme. The change resulted in a reduction of about 114 tonnes of plastic in 2022, and the replacement of laminated refill pouches reduced the amount of non-recyclable mixed plastic.

The way ahead

In 2023 we will continue our work to promote sustainable production of raw materials by working closely with our suppliers and working towards 100% verified sustainable production of prioritised raw materials.
Our updated Supplier Code of Conduct will be rolled out in 2023. We will also roll out and implement updated animal welfare documents and continue tracking of minimum requirements towards 2023.

The upcoming EU regulation on deforestation-free raw materials will impose strict requirements as regards to documentation of deforestation-free raw material production. The regulation will apply to products such as cocoa, coffee, soy, palm oil and beef. We will update our deforestation policy in line with the new regulation in 2023.

In 2023 we will also continue to work towards our sustainable packaging targets and prepare for upcoming legislative changes. Broad cooperation is important to reach our targets and we will continue to collaborate closely with the packaging industry and relevant actors to drive change.
Given our large number of products, raw materials and packaging, information management is complex, and we will continue to develop our digital tools to facilitate work on documentation and reporting.

Nutrition and health

Contents

The big picture

There are clear links between food, health and sustainable development. The food we eat should sustain a healthy body and a healthy mind. At the same time, negative climate and environmental impacts must be limited throughout the value chain. More consumers are wanting to eat in a healthy and sustainable way, which tends to mean less meat, more plant-based food and natural ingredients. This tendency is reflected in changes in habits and consumption patterns, which supermarket chains and other professional customers must take into account. For Orkla, this trend represents opportunities for innovation – and a chance to make a difference.

The question of what is healthy food and a healthy diet is subject to debate amongst both specialists and the general public. There is plenty of evidence to indicate that a diet high in whole grain cereals, fruit, vegetables and fish, but low in salt, sugar and saturated fat reduces the risk of lifestyle diseases.

Diseases due to obesity present a major global health challenge, and a variety of measures are needed to tackle the problem. The EU is introducing new nutrition labelling requirements, more stringent requirements regarding health claims, and other measures to promote good consumer guidance and responsible marketing of food products.

Our influence

Orkla's food companies have a substantial range with a broad portfolio of products, both comestible and for enjoyment. Many millions of people in the Nordic and Baltic countries, Eastern Europe and South India use our products on a weekly basis. This gives us a responsibility to contribute to reducing nutritional health challenges and an opportunity to influence people's diet in a positive way. Our companies are actively engaged in developing healthy new products, while working steadily to make existing products healthier by improving their nutritional content. Even small changes in products that are eaten and drunk daily can contribute to boosting public health. In 2022, turnover from food products classified as healthy and healthier accounted for 19% of Orkla's total food turnover. Sweets, snacks and other indulgence products accounted for 40%, while food products with a more balanced nutritional content accounted for 41% of turnover.

Our approach

Orkla has set targets for work on nutrition and health for the period 2018–2025 and follows up the companies' progress annually. Our companies are making their products healthier by developing food products with less salt, sugar and saturated fat, and by increasing the proportions of whole grain, fruit and vegetables. Food has to taste good, and the starting point for our work on product development and innovation is local needs and tastes. In order to shift the population's taste preferences in a healthier direction, changes must take place gradually, for example by reducing salt. Several Orkla companies are involved in collaborations with the authorities, the business sector and external specialist communities with the aim of improving public health by changing practices throughout the industry.

91%

increase in turnover from food and products that contribute to a healthier lifestyle

Goals towards 2025

- Double the consumption of products and services that promote a healthier lifestyle[6]
- Reduce the salt and sugar contents of food products by 15%[7]
- Inspire people to adopt a healthier lifestyle

Our nutrition and wellness work is consistent with UN Sustainable Development Goal 2 on access to safe, nutritious food and Goal 3 on good health and well-being.

Developments in 2022

Orkla's turnover from food and other products that contribute to a healthier lifestyle was estimated in 2017 to be NOK 4.5 billion. Turnover from these products in 2022 amounted to NOK 8.6 billion. This is an increase of 91%, and means that we are approaching our target of 100% growth. Our focus on healthier food products resulted in several launches and product enhancements in 2022.

Products for a healthier lifestyle

Less salt, sugar and saturated fat
Extensive efforts over many years have resulted in reductions in sugar and salt consumption of 10 and 5%, respectively, since 2015[8]. In 2022 we reduced the total quantity of sugar by 437 tonnes and of salt by 45 tonnes. This is important progress. We continue to work toward our overall target of reducing the amount of both sugar and salt by 15% by 2025, but are aware that achieving this target will be demanding. It is important to Orkla that the portfolio companies continue to focus on the goals of reducing salt and sugar and to keeping levels below the average for its product categories.

In 2022, our companies reduced their sugar content in categories such as snack bars, cordials, ready meals, vegetarian products, box chocolates, ketchup and dressings. Orkla Eesti reduced the sugar content of 10 ready meal products by an average of 14% and of 14 vegetable products by 3%. The company has also replaced the chocolate with the highest sugar content in Kalev's sweet mix with a variety that contains cashew nuts. This will reduce annual sugar consumption by an estimated 15 tonnes.

Orkla Suomi has launched Felix ketchup with no added sugar, and Orkla Danmark has reduced the sugar content of Beauvais ketchup and hamburger dressings. Orkla Foods Sverige has reduced the sugar content of the cordial BOB Jordgubbsaft by 3%, which results in a total reduction of 48.5 tonnes of sugar per year. Sales of sugar-free cordials, such as new flavours in the FUN Light series, have also increased considerably, resulting in 400 tonnes less sugar per year in Orkla Foods Sverige's cordial segment. Orkla Latvia has added a sugar-free variety of its classic biscuit Selga.

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[6] Baseline year 2017.

[7] Applies to companies that produce food products, ingredients, biscuits, snacks, sweets and dietary supplements. Baseline year 2015.

[8] I.e. reduction as a result of activities aimed at reduction. There is uncertainty attached to the figures due to incomplete historical data and differences in the calculation methods used.

Orkla Foods Lietuva, Orkla Foods Sverige and Orkla Suomi have launched varieties of Paulúns granola without added sugar.

The salt content has been reduced in product categories such as ready meals, soups, ketchup, dressings, chips and bread toppings. Orkla Foods Norge has reduced by 0.1 gramme the salt content of several popular favourites, such as Stabburet liver paté, Idun ketchup and various soup products. Although these are relatively small changes, the large sales volume means that there is a significant reduction in salt consumption. Orkla Foods Sverige has reduced the salt content of pea soup, goulash soup, pizza and dressings. Orkla Foods Česko & Slovensko has reduced the salt content of barbecue sauce and a bacon and pea soup, yielding an overall salt reduction of 1.2 tonnes of salt per year. Felix Austria has launched an organic ketchup with 25% less salt. Orkla Confectionery & Snacks Norge has reduced the salt content of Cheez Doodles by about 1 tonne per year, and of two varieties of KIMs Juleglede by about 0.5 tonne in all. Orkla Suomi has introduced two products with a low salt content in the Anyday Nut & Berry series, and Orkla Latvia has launched a nut bar with a low salt content in the Adazu series. The OFI company Arne B. Corneliussen has worked closely with customers on meat-based products to reduce the amount of salt in recipes.

Several companies are also actively engaged in reducing the use of saturated fat and increasing the proportions of healthy ingredients in their products. Orkla Foods Danmark has developed four vegan dressings based on chick peas that have a fat content 35–50% lower than other dressings. Orkla Suomi has launched a new potato-based snack in the Taffel Roast range which contains only 11% fat. The normal fat content of snacks products is about 30%. Credin Poland has launched Credi Provito, a concentrate of seed and sprouted flour for baking with a high content of fibre and protein which is also a source of omega-3, magnesium, potassium and zinc.

Orkla has focused actively for many years on developing healthier and healthy products. This has made an important contribution to the companies' growth in turnover, but it can take time to establish new products and consumer preferences. Some of the companies' launches of healthier products in recent years have unfortunately not been a market success. In our work to reduce sugar and salt we are therefore very concerned with retaining a good taste experience, so that new products gain the consumer acceptance on which we depend.

Healthier plant-based food options

The development of plant-based products is an important area of focus, not only for reducing our climate footprint, but also in the interests of health. A number of Orkla's plant-based launches represent healthier alternatives, and several of them bear the Green Keyhole label for healthy products. A well composed plant-based diet is nutritionally complete, and carries a lower risk of chronic diseases such as cardiovascular disease, diabetes and obesity, than a traditional diet.

The companies Orkla Foods and Orkla Food Ingredients manufacture several plant-based products that can replace animal protein. The plant proteins are based on oats, almonds, soy, peas and rice, among other things. Orkla is committed to offering various alternative plant-based options, and several of our companies are involved in research projects aimed at making substitute

products healthier, in part to increase knowledge of the health-related aspects of processing and nutritional content.

Healthier products for children

Orkla wants to contribute to improved public health for the population as a whole, including children. Several companies are therefore concentrating on making products that are popular amongst children healthier. Stabburet liver paté is a favourite on the breakfast table of many Norwegian families with children. In 2022 a new recipe with less salt was launched. Orkla Foods Norge also launched an entirely new Stabburet vegetable pâté, a plant-based variety with a lower climate footprint than the original. The pâté is also enriched in iron, to roughly the same extent as ordinary liver pâté, as iron is important for growing children. TORO wholemeal flour pancakes are also popular among many children, and the product became even healthier in 2022. The quantity of salt was halved, the sugar eliminated, and the list of ingredients is shorter. Nugatti Max was also relaunched with an even better flavour designed to make more people choose a healthier variety of Nugatti.

Some of our companies also collaborate with schools on measures to promote good eating habits. Orkla Home & Personal Care is taking part in the research project Care4YoungTeeth under the auspices of the Foundation for Scientific and Industrial Research at Trondheim University (SINTEF), to add to our knowledge of dental problems in children.

Dietary supplements

Orkla Health is developing a number of products that contribute to good consumer health, such as omega-3, vitamin and mineral supplements, weight control and sports nutrition. There were several important launches in 2022. The low-calorie series Nutrilett VLCD has halved the sugar content of twelve of its products. Vegan vitamin tablets without animal-based gelatine have been developed to provide a vitamin supplement option for vegans and people who do not eat pork. Möller's Trana-sol combines cod liver oil and Sana-sol vitamin supplement in an orange-flavoured chewable capsule containing the vitamins A, C, D and E, and the omega-3 fatty acids DHA and EPA. Möller's Pharma high-concentrate omega-3 with extra vitamin D is a cod liver oil capsule with a high content of EPA and DHA omega-3 fatty acids and 25 µg of vitamin D. The product is specially geared to the winter half-year, when many people do not get enough vitamin D.

Joining forces for better public health

Orkla cooperates closely with government authorities, the food industry and research communities in several countries in order to foster better public health, and we are a driving force for new initiatives. In Norway, we have been working actively since 2016 to fulfil the goals of the agreement of intent to promote healthier food. This is a joint initiative on which government authorities and the food industry are cooperating to help consumers make healthier choices. A key objective of the collaboration is salt reduction, and positive results have been achieved: We have lowered the salt content in both new launches and many existing products. We have also applied the experience gained from the Norwegian Salt Partnership in efforts to reduce salt consumption in our other markets.

In the period 2015–2022, Orkla Foods Sverige took part in a project headed by the Research Institute of Sweden (RISE) along with other organisations, food companies and the Swedish government. The goal of the project is to reduce the salt content of various food product categories, including vegetarian products.

Orkla Danmark is a partner in the Food Partnership between trade associations, organisations, schools and research institutions which aims to promote healthy, sustainable food products to the Danish people. Through this partnership, Orkla Danmark contributed in 2022 to several research projects linked to healthy food products.

We also want to be a prime mover in changing industry practices through dialogue and collaboration with customers. Several Orkla companies are now intensifying their efforts to provide courses, guidance and other initiatives to make it easier for public institutions and professional kitchens to serve healthy meals.

For example, the Orkla Food Ingredients companies hold seminars and other activities to disseminate information about healthier bakery products to their customers. In November, Orkla Foods Norge arranged a meeting between consumers and specialists on processed and ultra-processed food. Orkla wants transparency on how our food is produced and is working to simplify lists of ingredients.

The Cod Liver Oil study

In 2020–2021, Orkla subsidised a Norwegian study of whether cod liver oil acts as a prophylactic against COVID-19. Over 34 000 people took part, making the study one of the biggest clinical trials ever conducted. The results were published in February 2022, and show that cod liver oil raises levels of vitamin D and important omega-3 fatty acids, but no prophylactic effect against COVID-19 was detected.

Product labelling

The Green Keyhole is a Nordic labelling system that denotes healthier products, and is used in Sweden, Norway, Denmark and Lithuania in particular. Orkla had a total of 306 Keyhole-labelled products in 2022, an increase of 16% on 2021. Turnover from these products in 2022 is estimated at around NOK 990 million. Vegan products and breakfast cereals are important product categories. Among Orkla's most important Keyhole products we find Stabbur-Makrell (tinned mackerel), Picnic tinned ham, Anamma vegan products and Felix pea soup.

Orkla Suomi offers food products labelled according to the Finnish labelling system "Sydänmerkki" (Heart Label). In 2022, Orkla Eesti continued its collaboration with Fitlap, a labelling scheme designed to guide consumers to a balanced diet. Under this collaboration, the company launched two soup products under the Põltsamaa brand in the period 2021–2022. Several of our companies offer whole grain products labelled according to the "Brødskalaen" (Bread Label) and other, similar labels.

The way ahead

In the transition to Orkla's new corporate structure, we will place emphasis on the food production companies continuing their work to promote healthy products with a high nutritional value. Our focus on plant-based food, improved nutritional content and availability to consumers is key to paving the way for sustainable food choices. The companies in Orkla Food Ingredients and Orkla Foods Europe are planning several new, healthy launches in 2023 under the brands Paulúns, Bare Bra, Naturli', Anamma and Felix, among others. Orkla Confectionery & Snacks is evaluating new projects to reduce the sugar and salt content of the products that could contribute most to an overall reduction. Cooperation across the Orkla system and with other market players, local research communities and government authorities is crucial for developing innovations that will benefit public health. Orkla will continue to play an active part in such collaborations in the years to come.

Safe products

Contents

The big picture

If consumers and customers are to trust Orkla and our products, they must be safe to use. This entails maintaining thorough control of basic risk factors such as bacterial growth, contamination and foreign bodies, and of being prepared to deal with new risk factors. The risk picture associated with food production worldwide is complex, with challenges ranging from increased globalisation, which leads to further spread of diseases, food fraud and breach of regulations. Technological advances in traceability make it simpler for Orkla and other food product companies to maintain a full overview of the production process throughout the value chain, and efficient internal systems and continuous vigilance are necessary to ensure a consistent, high level of food and product safety.

Our influence

As a major international supplier with production sites and solid market positions in many countries, Orkla has a strong influence on consumer health. The Orkla Food Safety Standard (OFSS) is implemented in all our food production activities across national boundaries. By adopting common standards and systems, we ensure good, cost-effective control of food safety risk throughout our value chain. Among the measures we have implemented to reduce any negative effects is a gradual transition to fewer, larger factories and use of the same suppliers across our companies. This provides a better overview and simpler monitoring of raw materials, packaging, production and distribution. We emphasise the importance of ensuring rapid implementation of the Orkla Food Safety Standard when we acquire new companies, and are in a state of constant preparedness that allows us to deal rapidly and optimally with any new risk factors. This enables us to help raise the level of food safety in the countries in which we are located.

Our approach

Safe food is a fundamental tenet for Orkla. We achieve it by ensuring that the entire value chain – from the cultivation of the raw materials until the products arrive on shop shelves – undergoes risk assessments and is subject to well established inspection procedures. The Orkla Food Safety Standard is based on the internationally recognised British Retail Consortium Global Standard for Food Safety. This standard sets stringent requirements for the approval of suppliers and for how food products are manufactured and transported. All factories and warehouses that handle food and drink are regularly audited in accordance with the strict OFSS requirements.

Physical audits are also conducted, with visits to suppliers in different countries forming part of the quality assurance of the raw materials in our products. If the raw materials used do not satisfy the requirements we set, we provide the supplier with guidance. If this does not lead to the desired improvement, the supplier contract is terminated. Consumer trust plays an important part in Orkla's success and high market shares. Our procedures are based on the precautionary principle and on the principle of continuous improvement.

We have the same ambitions for safe manufacturing of household products (non-food products). The companies that manufacture them have established strict quality assurance systems and procedures which ensure that products in the areas of detergents, personal care, textiles, paint and wound care are tested and monitored for risk factors. The companies assess product safety when developing new products and making changes in manufacturing processes. In addition, they systematically follow external research in order to remain updated on potential health risks.

Orkla has sound shared emergency management procedures throughout the value chain. If we receive communications about irregularities or nonconformities that affect consumer health and/or give rise to a safety risk, they will be treated as emergency cases and reported immediately to Orkla's emergency preparedness team. The aim is for the subsidiaries to have the knowledge and skills to handle different situations.

At an overarching level, and through its work on food and product safety, Orkla contributes to UN Sustainable Development Goal 2, 12 and 17.

Goals towards 2025

- 100% food-producing factories at green level[1]
- 100% approved suppliers[1]
- Continue to ensure that all our products are safe

[1] In accordance with the Orkla Food Safety Standard.

Developments in 2022

Safe food production

The COVID-19 pandemic impacted Orkla's food safety work in 2021. Audits and courses were carried out digitally, but we succeeded nonetheless in maintaining high standards for our suppliers and clear traceability throughout the value chain. In 2022 we saw the value of being able to perform some tasks digitally. At the same time, the relaxation of the COVID-19 restrictions made it possible to conduct physical audits again. We are proud of having been able to maintain a high level of activity through the pandemic and are satisfied with the positive learning effects we achieved through increased use of digital tools. The audits demonstrate that Orkla has firm control of food safety in its own operations. In 2022, we revised the Orkla Food Safety Standard on the basis of the requirements in Version 9 of the British Retail Consortium's standard, and we will conduct audits according to this version from 1 February 2023. This will yield further improvements, including even greater emphasis on root cause analysis and follow-up. Further requirements will also be made of documentation in connection with procurement of manufacturing equipment and materials that are in contact with raw materials and products. The number of audits increased in 2022 and is expected to continue to rise somewhat over the next few years.

In 2022 several companies improved their systems for simpler detection of any manufacturing defects or unforeseen obstacles. Belusa Foods has installed UV light in its manufacturing process to make it easier to deactivate microbes, and as a result the company now manufactures several products without preservatives. Orkla Eesti has installed X-ray scanning of ready meals at its Põltsamaa factory to detect and remove potential foreign bodies from its products, and Orkla Danmark has done the same in its nut factory. The companies work systematically to minimise faults in production processes, and in 2022 several experienced a reduction in the number of recalls and withdrawals. This benefits the consumers, while the companies enjoy more stable, cost-effective operations.

NutraQ improved its emergency preparedness procedures in 2022 after having to recall some Maxulin brand products in 2021 because of the risk that they contained the illegal and potentially carcinogenic substance ethylene oxide. The company has implemented extensive improvements to enable it to act swiftly if anything similar should happen again. There have been no reports of any of the emergency preparedness cases leading to fines or penalties, and these reactions occur very rarely. Our companies have also continued their work of implementing and meeting the requirements arising from both the Orkla Food Safety Standard and Orkla's Hazard Analysis and Critical Control Points (HACCP) manual, used for identification and management of critical control points for food safety in production. This work brings us steadily closer to our goal, that all food-producing companies must be at green level pursuant to the Orkla Food Safety Standard by 2025.

Safe raw materials

In 2022 Orkla developed a new system in its digital supplier portal for risk evaluation, approval and follow-up of suppliers. The risk picture is naturally complex, given the multitude of raw materials, production sites and suppliers. Orkla requires that all parties abide by our guidelines for safe production of raw materials, and that we are vigilant in cases where nonconformities are detected. Orkla also conducts supplier audits and uses questionnaires to collect information from its suppliers. The breadth of the follow-up measures and regular contact make our suppliers very aware of the importance of good food safety standards.

Safe products (non-food)

In 2022 the companies that manufacture household products and products for the professional market continued their work to assure a high level of quality and product safety. All these companies have procedures for assessing product safety. The companies themselves are responsible for establishing systems and procedures for quality management and product safety, and many of the manufacturing sites are externally certified under ISO 9001 or ISO 14001.

Orkla Home & Personal Care has continued its substitution work, which entails replacing ingredients that may potentially have a harmful effect on health or the environment with other, safer or more environmentally friendly ingredients. For example, the company has reduced the content of hazard-labelled tensides in several products and replaced them with enzymes. The favourable effect can be maintained in this way, but the products will be milder. This has made it possible to place the Swan label for environmental soundness on major products such as Omo liquid detergent.

Lilleborg has continued its efforts to teach customers and partners about hygienic measures, correct use of products, and environment, health and safety (EHS). This encourages more efficient and sustainable practices among the company's customers in the professional cleaning market. In 2022 Lilleborg also replaced one complex binder, EDTA, with another, MGDA. Complex binders bind lime and metals in water and prevent them from detracting from detergent effectiveness. The result of the substitution is a more benign environmental profile for several detergents.

Emergency preparedness

It is crucial that Orkla put in place emergency preparedness procedures for responding to new risks. Some risk factors that apply to the food industry are food fraud, traces of prohibited chemicals, and diseases that are transmissible to humans. In the past, some incorrect allergen content labelling has presented a challenge, but considerable improvements were made in 2022. The Orkla companies must have sufficient knowledge and be prepared to tackle a variety of situations, so that necessary action can be taken to ensure that all products are safe to use and to prevent Orkla from suffering adverse effects. We build knowledge about relevant risk factors through resources in our own organisation and through access to external experts. Orkla also has a shared overarching plan for emergency preparedness work and provides the companies with guidance.

Increased efforts are still needed to reduce the number of emergencies associated with quality and food safety. In 2022 we did not have any Class 1 emergency cases associated with food safety, i.e. incidents that involved a serious health hazard. However, there was an increase in other serious incidents, including an attack on IT systems which led to temporary challenges for the operations of some of our companies. Despite some emergency cases, there were very few recalls across our companies in 2022. We place emphasis on learning from emergency cases and conduct systematic root cause analyses, while following up the affected companies. In our remedial work, we focus on particular areas and causes that are common to several emergency cases and companies.

The way ahead

Orkla will continue its efforts to ensure sound, cost-effective control of risk to food safety. In 2023 we will implement the updated food safety standard and continue our extensive course activities. Among other things, in May we will hold the Orkla Food Safety Conference, an internal conference for food safety specialists. Orkla is currently in an acquisition phase and the organisation is growing. We will therefore continue to prioritise smooth integration of acquired companies, with a prompt introduction to Orkla's systems and ways of working.

The non-food companies will continue their systematic efforts for product safety, improvements and innovation in 2023. Common to all the non-food companies is that they are constantly updating themselves on regulatory changes and new versions of the quality standards that are applied. Intensified efforts are still needed to reduce the number of emergencies associated with food and product safety. The newly developed Orkla Supplier Portal provides a one-source solution which offers a full overview and control of all suppliers, their activities and their risk. We expect that this will make it possible to tackle challenges at an earlier stage and thereby reduce the number of emergency cases.

Care for people and society

Contents

The big picture

After two years of extraordinary circumstances caused by the COVID-19 pandemic, in 2022 we experienced war in Europe resulting in an energy crisis, inflation and higher cost of living. This has led to many people facing uncertainty in their everyday lives and a more difficult financial situation.

Human rights were also under pressure in 2022, with attacks on homosexuals, suppression of women and exploitation of migrant workers featuring in the international news. Individuals, companies and governments must commit themselves and cooperate to protect human rights. Orkla wants to use its presence in many countries and sectors to make a difference. We want to promote equal opportunities, equal worth and human rights, and to epitomise the change we want to see.

Our influence

We want to help to bring about local solutions for addressing the major global challenges. With some 20 500 employees in 22 countries, it is also important for us to be an attractive employer with good working conditions and fair and competitive terms. We wish to make a positive contribution to our employees' well-being and personal development by investing in skills development and working systematically to provide a good and safe working environment. We also collaborate with other actors in the various industries in which we operate, to tackle complex challenges. Moreover, our companies create economic ripple effects for local communities in the form of jobs, tax revenues and purchases from local suppliers.

Our approach

Orkla's ambitions going forward to 2030 include being a local driving force for sustainability. Orkla has several goals for the period 2018–2025 which set the course for the companies' work, but each individual company makes plans and follows up the work within the framework of overarching goals and guidelines. Orkla annually surveys the risk of departures from our human rights policy in all the companies. In connection with our restructuring to a new operational model, we will update our governance documents in 2023.

Goals towards 2025

- Create strong local commitment to sustainability
- 100% compliance with Orkla's human rights policy
- Healthy workplaces with zero injuries
- Women in 50% of leadership positions at all levels
- A culture of integrity throughout Orkla

We contribute to UN Sustainable Development Goal 17 through our local involvement. Our efforts to promote good workplaces with emphasis on diversity and inclusion, a safe working environment and respect for workers' rights contribute to the achievement of UN Sustainable Development Goals 5 and 8.

Developments in 2022

Local value creation

Orkla has a strong local presence, with 119 factories in 22 countries. Many of our companies are cornerstone enterprises and important employers in their local communities. Our 300-odd brands reach a substantial portion of the population, so it is important that they can place their trust in us.

The Orkla companies support socially beneficial projects by working with local authorities, schools and organisations. In 2022, several of our projects concerned the war in Ukraine and assistance for those affected. Many collaborations centred around the energy crisis and the higher cost of living, while several of our projects help to safeguard children's rights. We contributed a total of around NOK 70 million in support for various types of socially beneficial projects in 2022.

Support for Ukraine

Our companies have mobilised support for those impacted by the war in Ukraine in several ways. Orkla ASA has donated NOK 2.67 million to the Norwegian Women's Public Health Association and their work for refugees, among others. Many companies have also donated their own products to the emergency relief work, such as first-aid equipment from Orkla Health and Orkla Wound Care and food products from Orkla Eesti, Orkla Foods Česko & Slovensko, Orkla Suomi and Orkla Foods Sverige. A number of companies have also donated money to charitable organisations that provide aid, including Orkla Suomi and Orkla House Care. Odense Marcipan has employed war refugees, and Orkla Eesti employees have collected clothing and equipment for Ukrainian children. Orkla Foods Česko & Slovensko has played an active part in the local community and contributed in several ways to Ukrainian refugees. Amongst other things, they have distributed food to refugees at the border between Ukraine and Slovakia, where people could stand in queues for up to 30 hours. The Bzenec and Byšice factories have also offered Ukrainians a place to live and a job, and they have distributed welcome packages of products to the families of Ukrainian employees.

Help for children and disadvantaged groups

Several of our companies have long-standing partnerships with organisations that work with children and particularly vulnerable groups. This year the energy crisis and higher cost of living have made this work even more crucial. The companies Orkla Foods Norge, Orkla Confectionery & Snacks Norge and Orkla Home & Personal Care have supported the Women's Public Health Association for three consecutive years by donating food and products for financially or socially challenged families with children. Over 2,600 bags of food and products were distributed in several Norwegian towns at Christmas 2022. Orkla Latvija supported the Laima Charity House for the eleventh consecutive year, and donated Christmas presents to 1,500 children. TORO, Pierre Robert Group and KiMs make annual contributions to the work of the Salvation Army. TORO has donated more than 150,000 dinners, Pierre Robert Group donates one pair of woollen socks for every pair of Hyggesokken socks sold, and KiMs donates 50 øre for each bag of KiMs Christmas Joy snacks (Juleglede) that is sold. Orkla Confectionery & Snacks Sverige gives financial aid to Maskrosbarn, an organisation that supports children whose parents have a dependence problem or mental disorder. Orkla Danmark supported the Danish children's aid organisations Julehjælpen and Barnas Kræftfond with products worth NOK 1 million.
The energy crisis and rise in the cost of living in several countries have

impacted disadvantaged families with children, and many have had to seek help from local food banks to make ends meet. Orkla Foods Česko & Slovensko donated food worth NOK 450,000 for this work in the Czech Republic, and Orkla Foods Norge contributed NOK 2 million worth of products and financial support to the Matsentralen food centre. Orkla Foods Sverige supports Matmissionen, a supermarket where disadvantaged people can buy products nearing the end of their shelf life at reduced prices.

Activities for better public health

Our companies are involved in a variety of local projects and activities designed to improve public health. Orkla Foods Sverige has entered into a sponsorship agreement with Friluftsfrämjandet, which is Sweden's biggest outdoor association. Friluftsfrämjandet offers a range of activities intended to boost public health, joy of living and respect for nature. The collaboration is for a three-year period and includes shared activities in shops, pharmacies and online. Credin Sverige has taken part in this collaboration and has arranged courses in the right to roam for employees in Sweden, which has inspired employees to take advantage of what nature has to offer. Kalev arranged the annual Mesikäpp run for youngsters, with over 12,200 participants, and Põltsamaa sponsored products for various Estonian cycling races with over 16,000 participants. In addition, several of the companies sponsor local sports clubs.

Restructuring and social impact

In 2022 we invested in new companies, improved production and some major restructuring projects, with a view to creating a business that is competitive in the longer term.

Orkla Health has strengthened its position in dietary supplements by acquiring the companies Vesterålen Marine Olje and British Healthspan. Orkla Latvija opened its new chocolate manufacturing factory in Adazi under the brand name Laima. At the same time, the company established Orkla Biscuit Production, a completely new biscuit factory in Latvia outside Riga. In connection with the closure of the old biscuit factory of Orkla Confectionery and Snacks Sverige in Kungälv, 144 employees became redundant, while the new biscuit factory outside Riga will secure jobs for around 300 employees in Latvia. Orkla Wound Care decided to move parts of its production at Norgesplaster in Vennesla to the company's factory in Bigues, Spain. The production of Ekström's powdered desserts and soups has been moved from Orkla Foods Sverige's operations at Örebro to Orkla Foods Norge's facility at Arna. Orkla Foods Sverige's production of powdered potato at Eslöv has been discontinued and replaced by products from an external source. In connection with the merger of MTR Foods and the newly acquired company Eastern, two warehouses in Gaziabad and Varanesi were closed down. Orkla Foods Česko & Slovensko has conducted an efficiency improvement project which has resulted in some redundancy in the company's administration and at some production sites. Orkla House Care has made staff cutbacks at its operations in the UK and China as a consequence of reduced demand for paint products. Nic UK also needed to reduce its staffing because of lower demand. A total of about 470 employees became redundant as a consequence of restructuring in 2022. Of these, 50 have obtained new positions within Orkla and the others have received help in finding new jobs.

In spring 2022 Orkla decided to end its operations related to Hamé Foods ZAO in Russia because of Russia's war against Ukraine. The sales process affected 342 employees.

Complaints and dialogue with the local community

We consider it important to have a good dialogue with the neighbours around our factories on how our operations affect the local community. In 2022, four of our factories received complaints from neighbours about noise from manufacturing operations. Our factories held discussions with the persons who complained and took steps to stop or reduce the noise. Orkla Danmark received a complaint about the odour from cabbage production, and Jästbolaget received a complaint about odour from yeast production. Both companies are working to find solutions that will reduce the odour. In the course of the year, seven factories were in dialogue with local supervisory authorities about technical production problems and other matters relating to operations that led to minor emission incidents, and management of these emissions.

Subsidies

In 2022 our companies received NOK 28.5 million in public subsidies for operations, investment in energy, innovation and labour and environmental measures. In addition, Orkla received NOK 131 million in raw material price compensation for the Norwegian food companies. This scheme provides compensation for the cost disadvantage to Norwegian food producers of choosing goods produced in Norway rather than imported goods under the regulations governing the purchase of Norwegian agricultural raw materials. In 2022, errors were discovered in previous applications from Orkla Foods Norge for price compensation for two raw materials. This entailed that the Norwegian Directorate of Agriculture decided in January 2023 that the company had to repay an amount that was wrongly received as a subsidy, and also decided to reduce the eligible subsidy as a result of incorrect reporting.

Integrity

We seek to foster a corporate culture based on integrity and good business practices. The work of ensuring responsible business operations and respect for rules and regulations is integrated into Orkla's daily activities, with clear expectations and ethical guidelines for all employees. Orkla has central training programmes on these topics. In 2022 there were few cases connected with possible infringements of regulations. The cases in question are described below.

Good, responsible marketing

We are committed to conducting responsible consumer marketing on all communication platforms where we have a presence. Orkla's marketing is intended to inform and engage the public, and to contribute to developing and improving our products. As the owner of more than 300 brands, it is important that we have stringent internal procedures to ensure that all claims are legal and based on fact.

We hold regular courses in marketing and marketing law for relevant personnel at both group and company level. In 2022 we held courses in the rules for the use of claims relating to sustainability.

Our companies are particularly cautious in their marketing of high-energy, salty, sweet or low-nutrient food products, to avoid exerting an undesirable influence on children and young people. We support the principles of the EU Pledge, which is a voluntary initiative from leading food manufacturers designed to shield children and young people from marketing of products with a high content of salt, sugar and/or saturated fat. We are represented on the voluntary Board of the Food and Drink Industry Professional Practices Committee (MFU), which promotes responsible marketing to children and young people. The committee has tightened its guidelines on marketing to young adults and is initiating measures to make the scheme better known among consumers.

We are also active on the Professional Committee for Influencer Marketing (FIM), which promotes sound, responsible practices for players engaged in influencer marketing. The goal of the committee is to reduce body image pressure. Our companies strive to choose influencers, models and actors who represent diversity in respect of background, ethnicity and body type.

In 2022, Orkla companies were involved in a few cases associated with marketing and product labelling rules. The Swedish Consumer Agency (Konsumentverket) questioned the marketing of detergent cartons as CO2-neutral, since neutrality is partially achieved through compensatory measures. The agency maintained that this did not emerge clearly enough in the marketing. Despite having thorough documentation for the climate accounts forming the basis for the marketing, Orkla chose to change it.

In another case, the Swedish Advertising Ombudsman concluded that Orkla Confectionery & Snacks Sverige had infringed marketing guidelines in a film showing a group of women who were exercising while eating OLW snacks. The Ombudsman was of the view that the film could lead to body image pressure, and Orkla has taken note of this. In a third case, Orkla Confectionery & Snacks Sverige was contacted by the Advertising Ombudsman, who considered that the marketing on the packaging of an OLW product could be misleading in that it maintained that care for the environment was exhibited in all stages of the production process.

The documentation on which the claim was based was considered to be too complicated, and the case was therefore dismissed without any infringement being established.

NutraQ received a complaint from the Italian marketing supervisory authority for an advertisement for Oslo Skin Lab in an Italian magazine. The authority reacted to the fact that reference had been made to clinical studies without adequate information regarding the method and results. MTR Foods in India was fined by local authorities for incorrect placement of labelling on wholesaler packaging. Felix Austria received a warning from local supervisory authorities because a product in the Vitality range was labelled organic although the product contained non-organic sesame seed.

All such cases are taken very seriously by Orkla and are followed up with the appropriate remedial measures and internal training.

Ethical guidelines and internal whistleblower systems
Work to ensure awareness of Orkla's own Code of Conduct and prevent undesirable behaviour is constantly ongoing. Orkla's compliance team holds courses and provides guidance to the companies as needed. Orkla's internal audit function is responsible for managing the group's whistleblower system and investigates and deals with any matters reported. The whistleblower channel enables employees to submit anonymous reports in their mother tongue, which also ensures that Orkla is in compliance with personal privacy and information security rules. In 2022, 42 cases were reported of possible breaches of the Code of Conduct. The cases vary in scope and nature and are dealt with according to internal and external guidelines. The majority of the cases in 2022 proved not to constitute a breach of the Code of Conduct.

Anti-corruption, sanctions and competition law

We have zero tolerance for corruption, breach of international sanctions or activities that restrict free competition. Orkla has activities in numerous countries and a large number of suppliers and other business partners. We work systematically to reduce the risk of corruption through Orkla's anti-corruption programme. This programme has been overhauled and strengthened in recent years, and the implementation of the programme continued in 2022. A compliance network has been established with a compliance coordinator in each company who is responsible for following up procedures in the area.

In September 2022 Orkla launched a new e-learning course on anti-corruption that has been translated into 24 languages. The course provides examples of what bribery and corruption mean in practice, and guidance on how employees should behave and act. In addition, we have adapted digital classroom teaching for some companies. Training is a crucial means of building awareness among the employees, and the goal is for all employees in administrative positions to take these courses. In 2022 the members of Orkla's Board of Directors and 82% of Orkla employees in administrative positions had undergone anti-corruption training. There is also an ongoing e-learning programme on competition law.

Orkla has zero tolerance for corruption among suppliers, distributors or other business partners. This is laid down in Orkla's Code of Conduct for Suppliers and Business Partners and in our requirements for other relevant third parties. Orkla works continuously to reinforce monitoring of third parties, and in 2022 introduced improved instructions for surveying risk and taking follow-up action. These instructions include measures to reduce the risk of breach of international sanctions. Orkla's digital portal solution for suppliers makes it possible to conduct risk-based integrity surveys and to monitor third parties for breach of sanctions. At present, monitoring of other third parties is a manual process, but sanction-related and integrity surveys are conducted using an external search engine.

When making acquisitions and major investments, Orkla assesses the risk of being involved in breaches of anti-corruption regulations and competition law. Where we consider the risk to be significant, we take steps to mitigate it. There were no cases relating to potential breaches of anti-corruption regulations or competition law in 2022.

Protection of privacy

Orkla has stringent requirements regarding protection of personal privacy based on the principles of the EU General Data Protection Regulation (GDPR). Orkla thus has stringent guidelines for protection of privacy for all parties in contact with our companies, and constantly implements improvements where they are needed. In the course of 2022, Orkla gave priority to the work of ensuring the legality of transmission of personal data to "third countries", primarily any jurisdiction outside the EU/EEA. We monitor closely changes in regulations and recommendations from the EU Commission and other relevant authorities with respect to protection of privacy, and adjust our processes regularly. No significant protection of privacy cases were reported in the course of 2022.

Responsible and inclusive employer

We work systematically across countries, companies and functions to ensure that our employees have a safe, fair and stimulating workday.

We will respect human rights in every part of the group, and we will be a diversified and inclusive workplace that guarantees equal opportunities and adequate conditions for all. Of Orkla's in all 20,471 employees, around 1,120[9] are temporary, mainly employed in connection with seasonal work in the production process and internships for students. All permanent employees must be represented in important processes and actively involved in their own personal development. Our efforts to be an attractive employer include investing in skills development and internal career development.

Active employee participation

Orkla has a decentralised corporate democracy model. We require all group companies to have formal channels for employee participation, and we have overarching guidelines that we urge the companies to follow. In accordance with EU rules and regulations, Orkla has a forum for its European employees, the European Works Council (EWC). Every EU company with more than 500 employees has the right to send representatives elected from among the employees to the forum.

Orkla respects the right of its employees to form unions, and we want consultations between management and employee representatives to proceed at the lowest possible level, at either company or factory level. Relevant matters are passed up to the liaison committees in the business area for further follow-up. Orkla also has a special central committee that meets with the CEO and Senior Vice President of Human Resources, in advance of Board meetings.

Important topics in the dialogue between management and employees in 2022 were wage negotiations, working environment, health and safety, well-being and restructuring projects. Employee representatives have been involved in the process of transforming Orkla into an industrial investment company. When we implement changes that affect employees, the employees' representatives must be involved at an early stage, in accordance with guidelines agreed with centrally elected employee representatives. The notification period for major changes varies, depending on national legislation and the companies' agreements with the employees. On average it is eight weeks.

The Orkla Junior Advisory Board is an internal body that functions as an advisory forum for the Orkla Management Team and is elected for a period of two years. New members were elected in 2022, with representation across companies and geographical areas. The forum has among other things provided input to Orkla's work on diversity and inclusion, digitalisation and talent development. Some of our business areas have also involved the forum in projects related to product development, growth opportunities and social responsibility. We regard the Junior Board as a valuable source of input and contributions to our efforts to make Orkla an attractive employer.

Respect for human rights

Orkla works systematically to ensure that all group companies comply with the principles set out in Orkla's Human and Labour Rights Policy. The companies conduct an annual survey of risk of nonconformities in the areas covered by the policy, including the right to freedom of expression, health and safety at work, fair working conditions and skills development. In 2022, 95% of Orkla companies conducted the survey.

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[9] There is uncertainty associated with these figures and they may be somewhat higher.

As in 2021, the risk survey for 2022 shows that none of the companies have high risk in any of the areas covered by the policy. We assess the risk of undesirable conditions as medium in some areas. For example, this applies to the right to health and safety in the workplace. It may be a matter of risk of occupational accidents, high work pressure or increased sickness absence. Some companies also report on risk to the right to skills development as a consequence of staffing changes or lack of systematic performance appraisal interviews at factories. There are reports from some companies of medium risk of failure to meet the requirements regarding notification of overtime work, and a risk of a decline in real wages due to high inflation.

The companies use risk surveys as a basis for developing and implementing new measures. In 2022 some companies performed extra EHS audits and reviews of safety procedures. Other follow-up measures include adapted leadership training, extra wage adjustments and dialogue and raising of awareness about risk topics through town hall meetings.

92% of Orkla's companies practise an 18-year age limit for employment, and none of the companies employ children under the age of 15. All our companies consider that the risk of breaches of children's rights and the right to organise and to collective bargaining in their own activity is low. There are no cases of forced labour within our companies.

Competitive wage and pension conditions

Orkla is committed to offering fair and competitive conditions for all employees. We use negotiation to set wages for employees who are covered by collective agreements. Wage-setting for other employees is largely driven by competitive factors and benchmarking against other companies using external benchmarking tools. In 2022 around 50% of our permanent employees were covered by collective agreements.

None of the Orkla companies offer a wage that is lower than the nationally stipulated minimum wage, and the starting salary in many of our companies is significantly higher. In a few companies we have nonetheless identified a risk that the starting salary for some positions may be lower than what is regarded as the national living wage level. In the course of recent years we have intensified our efforts to ensure that all employees receive a wage that at least covers basic needs. Orkla uses the Anker model[10] to calculate the living wage for our employees in different geographical areas, and we have developed a calculation model that the companies can use to identify risks of this type. We see that our companies largely make extraordinary wage adjustments in various markets in order to compensate for the employees' increased cost of living.

The vast majority of permanent employees in our companies are covered by pension agreements, either through government pension plans or through the companies' own pension plans. These are described in more detail in Note 12 to the financial statements, on page 213. Almost all companies offer health insurance to their permanent employees, and more than half have an option of an organised exercise programme and arrange for healthy food in the company canteens.

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[10] Anker, R. & Anker, M. (2017). Living wages around the world.

Learning and development

Learning and skills development play an important part in our employees' commitment and performance, and we therefore strive to offer ample opportunities for development to employees at all levels in the group. Skills development takes place through a combination of global and local programmes and of formal courses, social dialogue and practical assignments to be carried out on the job.

Much of Orkla's course portfolio is offered digitally, with virtual gatherings. In this way, far more employees can be reached than would be possible with physical courses. At the same time it is cost-effective. To optimise the effectiveness of this learning, in 2022 we combined digital and physical gatherings, heightening the social aspect of the learning experience.

One of the new initiatives in 2022 was Orkla Foods Europe's launch of a sustainability academy. The academy is an extensive competence-development programme that provides a thorough introduction to the sustainability topics of greatest concern to Orkla. Our ambition is to see the programme rolled out through the whole of Orkla.

The Orkla Leadership Compass, Orkla's own programme for new managers, was held for 110 managers. The programme was developed to give new managers an introduction to and training in basic management tools and communication, and is organised by local HR representatives in local languages. The programme won a prestigious award at the international Brandon Hall Excellence Awards for 2022, namely silver in the category Best Advance in Leadership Development.

Performance appraisal interviews

Performance appraisal interviews are vital for maintaining engagement and providing a good opportunity for feedback between managers and employees, and for ensuring good performances, development and inclusion. Our goal is for all employees to be covered by procedures for regular performance appraisal interviews. In 2022 the companies intensified their efforts to achieve this goal, and the percentage of employees who had a performance appraisal interview was substantially higher than the previous year. We see good progress among both administrative employees and factory employees. In 2021, Orkla's policy for performance appraisal reviews was updated. In 2022 we focused on increasing the share of performance appraisal reviews, particularly in new companies and in companies with many factory employees. A pilot project is in progress to establish a uniform interview questionnaire and process and thereby strengthen the procedures for individual performance appraisal interviews for operators. We have a well-established system for holding the interviews with office employees.

Attractive employer

Orkla's HR strategy aims at ensuring employee job satisfaction, preserving our values and realising our overarching business ambitions in the period up to 2030. The strategy provides clear guidelines for the companies' work in strategic areas such as leadership, learning and development, diversity and inclusion and our attractiveness as an employer. We carry out annual measurement and evaluation of how successful we are in developing leaders internally and retaining employees with key skills. The key figures show favourable developments in this area, but we need to work continuously to be competitive in a demanding labour market. Important aspects of this

39.5%

share of women in senior executive positions

work are skills development, competitive conditions and developing an inclusive working environment.

In 2022 there were more than 1 100 applicants for our summer internship programme, and 45 students were employed. The students worked in areas such as marketing, finance, investor relations, value chain, human resources and IT. The programme lasts for eight weeks, from mid-June to mid-August, and the students work on specific projects in the companies in which they are employed.

Diversity, equity and inclusion at the workplace

Orkla wants to develop an inclusive culture, where our employees thrive, feel that they belong and feel safe. We have a decentralised structure, and the company managers are mainly recruited locally. In 2022 we introduced a new strategy for our work to promote diversity, equity and inclusion based on internal input and best practice at other large companies. The strategy is designed to ensure breadth in our work to achieve diversity and make it an integral part of our work throughout the organisation. We place emphasis on working towards general goals while at the same time giving the Orkla companies the flexibility to set their own priorities.

Orkla has a relatively good gender balance in the organisation as a whole, with women making up 46% at global level. There is a somewhat lower share of women than men in executive positions, and a higher share of women among office workers than among manufacturing, warehousing and maintenance employees. Orkla's goal is to have 50% women in executive positions. This is being followed up in HR processes across the group, and all companies are asked to report annually on the share of women managers overall and at senior executive level. We see a positive trend, with a 39.5% share of women in senior executive positions in 2022. When recruiting to the management team at company or business area level, we have a requirement that there must always be at least one woman candidate. There must also be at least one woman on the interview panel during the recruitment process.

In 2022 Orkla joined the research-based AFFs FiftyFifty programme to boost leadership development for a selection of woman employees. Twelve participants from different countries and position levels were selected to take part. The goal is both to build leader identity and to elicit input on how Orkla can do more to bring about greater gender equality.

In 2022 several companies took steps to increase awareness about diversity and unconscious discrimination generally, not only with respect to gender balance. Several workshops for managers were held, and an extensive joint training programme has also been launched for both HR and Orkla managers to bring about more long-term honing of competencies. The aim of the training is to achieve greater diversity, but also active inclusion of all our employees. There were no reports of breach of the discrimination regulations or Orkla’s internal guidelines in this area in 2022.

Survey of wage differences and taking of parental leave

We survey wage differences and the taking of parental leave annually to enable systematic work to rectify disparities. In 2022 we surveyed gender differences in wage and bonus payments in 32 companies in 12 countries, based on data as of 31 December 2021 at four different position levels.[11] This is a change from the corresponding survey in 2021, which covered wages at seven levels. The change has been made to reduce the risk of incorrect reporting, and to achieve better data quality. The survey was restricted to the geographical areas in which we have the largest presence, and was expanded this year to include factory employees. The companies that were selected have a total of around 9,100 employees, or around 43.5% of the total number of employees in the group.

Orkla's global reporting is based on the GRI 405-2 reporting standard, but the figures in Table 2 have not been broken down to regional level because of uncertainty in the underlying data. Overall, women's basic salary is on average equivalent to 93% of men's salary. If we look at total compensation including bonuses, women's average earnings are 90% of men's. The largest wage difference occurs at the highest executive level (level 1) where women earn 76% of what men earn on average, and the smallest difference is at operator level, where women earn on average 93% of what men earn. The differences for managers and middle managers can be partly explained by the fact that there are more men in positions with direct responsibility for performance. At the same time, the results of the survey show that the differences between the genders are smaller in the Nordic countries and India than in the Baltic and Central European companies. The change in the method and scope of the survey makes it difficult to assess the change from 2021. In the wage settlement where we have uncovered biases, we have given the companies leeway to exceed the limit for salary growth for women who have lower salaries than men in equal or similar positions.

We performed a more extensive survey for the Norwegian companies, based on requirements in the Gender Equality Act. This survey shows that, on average, total compensation for women in the Norwegian companies in 2022 amounted to 91% of total compensation for men. If we look at the different levels, the discrepancy was greatest among executives at level 1, where women earned 74% of what men earned, and least among managers at level 2, where women's average salary was 95% of the corresponding salary for men. Part of the explanation may again be that there are more men in positions with more direct responsibility for performance. We also see that age and seniority may have something to say for salary differences.

Table 2: Average salary and total compensation for women compared with men

Position levels 1-4*	Total number Women and men	Number of women	Number of men	Share of women, in %	Share of men's salary, in %	Share of men's salary, total compensation, in %
Level 1	164	66	98	40%	81%	76%
Level 2	901	368	533	41%	92%	91%
Level 3	3,253	1,696	1,557	52%	83%	92%
Level 4	4,804	2,086	2,718	53%	96%	93%
Total	**9,122**	**4,216**	**4,906**	**46%**	**93%**	**90%**

*Level 1 Members of management teams
Level 2 Senior managers and managers
Level 3 Functionaries
Level 4 Operators
** Total compensation includes salary, yearly bonus, overtime pay and irregular supplements

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11 Level 1 is the management team, level 2 is senior and middle managers, level 3 is office workers and level 4 is operators.

When it comes to gender differences in connection with taxable benefits in kind, the survey revealed that women received 88% of what men did. There is a clear discrepancy between women and men at level 3. We assume that this is because level 3 covers a large group of employees, some of whom receive a car allowance. More men receive a car allowance and therefore receive higher taxable benefits. In order to rectify the discrepancies identified between men and women, in 2022 we adjusted salaries for women in excess of approved wage adjustment limits, so that on average women received an approximately 0.8% higher adjustment than men.

Table 3: Average salary and other compensation for women compared with men in Orkla's Norwegian companies[12]

Position level 1-4*	Total number Women and men	Number of women	Number of men	Share of women, in %	Share of men's salary, total compensation**, in %	Share of men's salary, taxable payments in kind, in %
Level 1	79	34	45	43%	74%	94%
Level 2	377	158	219	42%	95%	109%
Level 3	1,226	706	520	58%	91%	93%
Level 4	1,165	438	716	38%	94%	92%
Total	**2,838**	**1,336**	**1,500**	**47%**	**91%**	**88%**

*Level 1 Members of management teams
Level 2 Senior managers and managers
Level 3 Functionaries
Level 4 Operators
** Total compensation includes salary, yearly bonus, overtime pay and irregular supplements

Figures for temporary appointments, parental leave and part-time work in the Norwegian companies were also collected and analysed. The analysis shows that the percentage of employees in temporary positions (5%) and part-time positions (5%) is low. The gender difference between those in temporary positions is small: 60% are women and 40% are men. There is a larger share of women (80%) than men (20%) among the part-time employees. Internal surveys indicate that there are relatively few involuntary part-time workers in the companies. Having a part-time position is regarded in most companies as a benefit.

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 39% of the amount of parental leave taken by women in the Norwegian companies. This is an increase of 15 percentage points on 2021 and is probably partly attributable to some men in higher positions only taking the statutory portion of their parental leave.

Occupational health and safety

Orkla's occupational health and safety policy applies to all companies and factories. We want to build a strong culture in this area and have a vision of zero injuries. Measures to ensure monitoring and improvements are followed up at company and business area level through reports to the company management teams, the Orkla Management Team and the Board of Directors. Companies, factories and warehouses are audited regularly according to Orkla's EHS standard. After two years with many adjustments

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[12] The figures cover Orkla ASA, Orkla Foods Norge, Orkla Home & Personal Care, Orkla Health, Orkla House Care, Lilleborg, Pierre Robert Group, Orkla Confectionery & Snacks Norge and Idun Group.

due to the COVID-19 pandemic, 2022 has been a virtually normal year.

Training, participation and awareness-building

Good training and risk management are crucial for preventing injuries and occupational illnesses. All companies must assess risk regularly and work to ensure that all employees understand the actual and potential risk associated with the operations and their own workplace. Risk tends to be associated with ergonomics, use of machines, work at different heights and on slippery floors, storage and handling of chemicals and the psychosocial working environment. Preventive measures have been implemented across the group in addition to local initiatives. All companies have committees on which managers and employees cooperate on EHS work. We also expect employees to have the opportunity to take part in developing goals and plans, in risk analyses and in investigations after accidents.

In 2022, for the fifth consecutive year, an EHS Week was held across the group. The purpose of this week is to strengthen internal commitment and involve everyone in developing the culture to achieve our vision of zero injuries. The 2022 EHS week focused mainly on how the EHS dialogue can be used to detect potential risks in the workplace, so that preventive steps can be taken. During the week, many employees took part in local courses on topics such as ergonomics and machine and electricity safety. The companies also arranged fire drills, first-aid courses and talks on mastering stress and on mental health.

Injuries, follow-up and emergency preparedness

The total recordable rate (TRR), which includes all injuries, was 5.9 in 2022, which is a decrease from 2021. Most injuries were of a minor nature, such as cuts, blows or crushing injuries. In 2022 few serious incidents were reported, where three associated with risk of explosion have received special focus. There were no critical injuries as a result of the incidents. The incidents were subsequently followed up with online meetings, with a review of the risk of explosion and a description of the incident and the steps that were taken. Sharing of experiences and knowledge following incidents is an important part of preventive EHS work.

All injuries were followed up in the respective companies. Orkla's EHS standard contains a requirement that procedures be developed for reporting accidents and incidents. The standard also describes how systems for doing so should be established. There are also requirements for preparing procedures to protect the employees at the workplace. Employees can report anonymously on possible or actual accidents and are protected against reprisals. Orkla is striving for a culture in which employees can speak out about any type of matter or risk. Reporting and investigation of incidents provides information that is important for preventing future incidents. We therefore share injury reports across our companies. Risk-mitigating measures include extensive training and various types of safety measures, such as increased use of protective equipment, better labelling and replacement of old equipment.

Work to promote health

Registered sickness absence across our operations was 4.9% in 2022, an increase on 2021, when the absence was 4.4%. Sickness absence is affected by a multitude of factors and is a complex field. There are significant variations across both countries and companies, and we work continuously to make improvements, including following up on absences and carrying out preventive activities. In 2022 we found that the pandemic situation affected our procedures for sickness: more people stayed home when they experienced symptoms. This led to relatively high short-term absences, but absences that were desirable in view of the risk of infection in our businesses.

Preventive activity is important for avoiding future sickness absence. Orkla's EHS standard requires that the risk associated with and implementation of measures to improve ergonomic, physical and psychosocial conditions are surveyed. We increasingly see sickness absence linked to psychosocial conditions. The MyVoice working environment survey, which was conducted throughout Orkla in 2021, provided us with important input on factors associated with occupational health. The survey results were followed up in 2022 by measures at each individual workplace, amongst other things to reduce stress and ensure that employees remain and feel that they are seen by management.

The way ahead

In 2023, in connection with the restructuring to an industrial investment company, we will make relevant changes in Orkla's governance principles and documents. Among other things, we will develop clear owner requirements and expectations of responsible business practices and the companies' work with social issues and business ethics.

The companies will follow up risk factors identified in the annual risk survey related to human and workers' rights, and intensify work to promote a good and inclusive working environment, upgrade competencies and ensure responsible business practices and compliance with rules and regulations and ethical guidelines. The new framework for diversity, equity and inclusion will be implemented through a collaboration between Orkla and the companies. Orkla's compliance network will be strengthened through the establishment of new positions with responsibility for risk management, governance and compliance in the largest portfolio companies.

Development in key targets

Revenues from most sustainable products

Indicator references		Unit	2022	2021	2020
WEF Prosperity	Estimated share of revenues from products classified as "most sustainable products"[1]	%	11	16	15
Self-defined	Estimated share of revenues from vegan products[2, 3]	%	27	26	28
Self-defined	Estimated share of revenues from vegan and lacto-ovo vegetarian products[2, 4]	%	58	50	49
Self-defined	Estimated share of revenues from products which contribute to healthier diet[5, 6]	%	19	16	17
Self-defined	Estimated share of revenues from products with a balanced profile[5]	%	41	37	39
Self-defined	Estimated share of revenues from indulgence products[5]	%	40	47	44
WEF Prosperity	Estimated share of revenues from eco-labelled products[7] (Nordic Swan Ecolabelling, Good Environment Choice, GOTS, MSC, EU Ecolabel and more)	%	17	16	11
WEF Prosperity	Estimated share of revenues from certified organic products[8]	%	4	2	2
WEF Prosperity	Estimated share of revenues from keyhole products or other labelling schemes for health and wellness[2]	%	3.5	3	3

[1] Share of total revenues in Orkla Foods Europe, Orkla India, Orkla Confectionery & Snacks, Orkla Care and Orkla Food Ingredients. The classification is an internal management tool developed by Orkla, and we have made the criteria stricter in 2021 and 2022. Therefore, the underlying development is more positive than indicated by the figures.

[2] Applies to total revenues in Orkla Foods, Orkla Confectionery & Snacks and Orkla Food Ingredients.

[3] Products suitable for vegan diet as defined by Food Drink Europe.

[4] Products suitable for vegetarian diets as defined by Food Drink Europe. May contain egg and dairy ingredients.

[5] Applies to classified revenues in Orkla Foods, Orkla Confectionery & Snacks and Orkla Food Ingredients. 75% of revenues are classified according to criteria for health and wellness in 2022.

[6] Includes foods with less salt, sugar and saturated fat, healthier lacto-ovo vegetarian and vegan products, products with more than 50% of whole-grain cereals, official nutrition labelling and products with specific health benefits.

[7] Applies to revenues in the non-food companies Orkla Home & Personal Care, Orkla Wound Care, Lilleborg, Pierre Robert Group and Orkla House Care.

[8] Applies to total revenues in Orkla Branded Consumer Goods.

Climate impact and emissions

Indicator references	Indicators	Unit	2022	2021	2020	Baseline year[1]
GRI 305-1	Greenhouse gas emissions from own operations, Scope 1[2]	tCO2e	108,277	115 ,519	115,253	128,719
GRI 305-1	Biogenic greenhouse gas emissions, Scope 1[2]	tCO2e	592	493	495	428
GRI 305-2	Indirect greenhouse gas emissions, Scope 2, location-based calculation[2,3]	tCO2e	52,636	62,775	70,597	87,293
GRI 305-2	Indirect greenhouse gas emissions, Scope 2, market-based calculation[2,3]	tCO2e	69,677	10,202	21,808	167,471
GRI 305-3	Greenhouse gas emissions, Scope 3[4]	tCO2e	2,019,995	2,012,319	2,097,308	2,010 ,21
GRI 305-4	Greenhouse gas emissions (Scope 1 and 2 market-based) per FTE[5]	tCO2e/ FTE	9.1	6.5	7.0	10.7
GRI 305-4	Greenhouse gas emissions (Scope 1 and 2 market-based) per revenue[5]	tCO2e/ mill. NOK	3	2,4	2,6	5,2
GRI 305-5	Greenhouse gas emissions reductions from reduction activities (Scope 1 and 2)[6]	tCO2e	68,698	129,241	136,228	0
GRI 305-6	Emissions of ozone-depleting substances (ODS) used in cooling media	tCFC-11e	0.0004	0.0030	0	0.0066
GRI 305-7	Emissions of sulphur dioxide[7]	Tonnes	11	10	9	16
GRI 305-7	Emissions of nitrogen oxide[7]	Tonnes	101	102	102	114

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 or Renewable Electricity Certificates and Power Purchase Agreement).

4 Raw materials, packaging and waste management account for around 95% of emissions from Scope 3 activities, other Scope 3 categories are not disclosed due to the lack of reliable data. The variance in Scope 3 values is explained by the difference in data coverage. 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. Data for biogenic Scope 3 emissions is not disclosed due to unavailable information. Intensity figures are not disclosed due to uncertainty in Scope 3 data.

5 The intensity figures reported for previous years have remained unchanged and not adjusted for structural changes.

6 The reductions are reflected in the reporting of GRI 305 1&2. The disclosed data represents the initiative with significant contribution to reduction; the securing of renewable electricity through Renewable Energy Certificates and Guarantees of Origin.

7 Average emission factors for various fuel types are used. Emission factors are based on DEFRA.

Resource Management

Indicator references	Indicators	Unit	2022	2021	2020	Baseline year 2014
GRI 302-1	Electricity from internally generated hydropower, sold	GWh	2 237	2 065	2 885	2 570
GRI 302-1	Total energy consumption, own operations	GWh	1 068	1 110	1 095	1 068
GRI 302-1	Total energy consumption from renewable sources[1]	GWh	295	504	494	11
GRI 302-1	Energy consumption from non-renewable sources[2]	GWh	773	606	601	1 057
GRI 302-1	Energy consumption – electricity	GWh	426	458	461	466
GRI 302-1	Energy usage – purchased thermal energy, incl. remote heating	GWh	70	53	41	46
GRI 302-3	Energy usage per FTE[1,2,3]	MWh/FTE	55	60	63	66
GRI 302-3	Energy usage per revenue[1,2,3]	MWh/ NOK million	18	22	23	29

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[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.

Water

Indicator reference	Indicators	Unit	2022	2021	2020	Baseline year 2014
GRI 303-3	Total water withdrawal, own operations	Ml	7,625	7,299	7,715	10,260
GRI 303-3	Water withdrawal from collected rainwater and surface water[1,2]	Ml	0	0	0	0
GRI 303-3	Water withdrawal from groundwater[1]	Ml	3,132	2,888	2,842	3,051
GRI 303-3	Water withdrawal from external water works (third-party)[1]	Ml	4,493	4,411	4,872	7,209
GRI 303-3	Total water withdrawal, own operations in water-stressed areas[1,3]	Ml	210	227	224	198
GRI 303-3	Water withdrawal from surface water from areas with water stress[1,3]	Ml	0	0	0	0
GRI 303-3	Water withdrawal from third-party water from areas with water stress[1,3]	Ml	113	176	174	153
GRI 303-3	Water withdrawal from groundwater from areas with water stress[1,3]	Ml	97	51	50	44
Self-defined	Water recycled in own operations	%	3.8%	8.3%	8.5%	0.0%
GRI 303-4	Total water discharge to all areas[1]	Ml	4,041	4,225	5,318	6,982
GRI 303-4	Discharge of wastewater to seawater[1]	Ml	0	0	0	0
GRI 303-4	Discharge of effluents to external treatment plants (third-party)[1]	Ml	2,325	2,431	3,061	6,034
GRI 303-4	Discharge of effluents to surface water[1]	Ml	1,715	1,793	2,258	947
GRI 303-4	Discharge of effluents to groundwater[1,4]	Ml	0	0	0	0
GRI 303-4	Emissions to water – BOD[5]	Tonnes	3,483	3,592	5,099	7,289
GRI 303-4	Emissions to water – COD[5]	Tonnes	5,305	5,982	9,419	9,749
GRI 303-4	Emissions to water – particles[5]	Tonnes	239	188	944	528
GRI 303-4	Total water discharge to all areas with water stress[3]	Ml	132	136	139	138
GRI 303-5	Total water consumption from all areas	Ml	3,584	3,075	2,396	3,278
GRI 303-5	Total water consumption from all areas with water stress[3]	Ml	78	92	85	60

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[1] The breakdown of water into fresh water and "other water" has not been reported, due to lack of information.

[2] Orkla does not withdraw water from surface water; rivers, lakes and wetland areas.

[3] Water-stressed area is defined by WRI Aqueduct tool and represents locations in India and Romania.

[4] None of the Orkla companies discharge effluents to groundwater, therefore values 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.

Waste

Indicator reference	Indicator	Unit	2022	2021	2020	Baseline year 2014
GRI 306-3	Total waste	Tonnes	107,025	114,001	115,250	123,913
GRI 306-3	Organic waste[1,2]	Tonnes	81,876	85,866	81,762	89,937
GRI 306-3	Organic waste per revenue[3]	Tonnes/ NOK. mill	1.4	1.4	1.7	3.0
GRI 306-3	Non-hazardous waste – sorted[1,2]	Tonnes	95,292	100,606	97,814	108,241
GRI 306-3	Non-harzardous waste – mixed[1,2]	Tonnes	11,240	12,916	16,876	15,248
GRI 306-3	Hazardous waste[1,2]	Tonnes	493	479	560	424
GRI 306-4	Total waste diverted from disposal[1,2]	Tonnes	87,819	87,558	90,087	94,733
GRI 306-4	Hazardous waste diverted from disposal by preparation for reuse[4]	Tonnes	0	0	0	0
GRI 306-4	Hazardous waste diverted from disposal by recycling[1,2]	Tonnes	16	49	0	2
GRI 306-4	Hazardous waste diverted from disposal by other recovery operations[1,2]	Tonnes	29	1	2	0
GRI 306-4	Non-hazardous waste diverted from disposal by preparation for reuse[4]	Tonnes	0	0	0	0
GRI 306-4	Non-hazardous waste diverted from disposal by recycling[1,2]	Tonnes	9,852	11,629	11,545	13,324
GRI 306-4	Non-hazardous waste diverted from disposal by other recovery operations[1,2]	Tonnes	77,921	75,878	78,540	81,407
GRI 306-5	Total waste directed to disposal[1,2]	Tonnes	19,205	26,443	25,163	29,180
GRI 306-5	Hazardous waste directed to disposal by incineration (with energy recovery)[1,2]	Tonnes	446	428	557	422
GRI 306-5	Hazardous waste directed to disposal by incineration (without energy recovery)[5]	Tonnes	0	0	0	0
GRI 306-5	Non-hazardous waste directed to disposal by landfilling[1,2]	Tonnes	0	0.5	0	0
GRI 306-5	Non-hazardous waste directed to disposal by incineration (with energy recovery)[1,2]	Tonnes	14,430	21,018	20,709	26,320
GRI 306-5	Non-hazardous waste directed to disposal by incineration (without energy recovery)[5]	Tonnes	0	0	0	0
GRI 306-5	Non-hazardous waste directed to disposal by landfilling[1,2]	Tonnes	4,329	4,997	3,897	2,438

[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 have remained unchanged and not 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.

Responsible sourcing procedures

Indicators references	Indicators	Unit	2022	2021	2020
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	Number	64	66	65
GRI 308-2	Suppliers with identified environmental non-compliances	Number	8	11	1
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 remediated	%	50	71	0
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	Number	64	66	65
GRI 414-2	Suppliers with identified social non-compliances	Number	48	52	30
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	%	73	66	76
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

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[1] By local suppliers we mean suppliers located in the same country as Orkla's receiving business.

Sustainable raw materials

Indicator references	Indicators	Unit	2022	2021	2020
301-1	Consumption of raw materials[1]	Tonnes	884,615	998,006	1,064,307
301-1	Share of renewable raw materials[2]	%	94	95	93
Self defined	Share of certified cocoa ingredients (UTZ Certified or Fairtrade) of total volume purchased	%	92	81	84
	– Segregated		37	36	
	– Mass Balance		55	45	
Self defined	Share of certified marine raw materials (MSC or ASC) of total volume purchased	%	27	52	66
Self defined	Share of certified palm oil, palm kernel oil and derivatives of total volume purchased[3]	%	98	96	92
	– RSPO SG	%	43	44	36
	– RSPO MB	%	28	21	25
	– RSPO Credits	%	28	31	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)[3]	%	64	15	11
Self defined	Share of certified hazelnuts of total purchased volume (Rainforest Alliance)[3]	%	59	54	2
Self defined	Share of revenues from textile products from products with environmental product labelling (Nordic Swan, GRS, Modal)	%	18	24	19
Self defined	Share of cotton purchase value from certified organic cotton (GOTS, OCS)	%	97	96	84
Self defined	Share of verified mulesing-free merino wool of total volume purchased	%	100	100	100

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[1] Raw materials purchased excluding finished goods. Historic data have been adjusted to reflect the same basis.

[2] Includes raw materials from agriculture, share of total raw materials (purchase value).

[3] Excl. finished goods purchases.

Sustainable packaging[1]

Indicator references	Indicators	Unit	2022	2021	2020
GRI 301-1	Share of packaging materials made from renewable sources[2,3]	%	42	36	35
GRI 301-2	Share of total packaging materials which are fully or partly recycled[3]	%	55	54	47
Custom	Share of total packaging materials which is made of recycled or renewable sources[3]	%	70	67	61
Custom	Share of total packaging materials that is recyclable[3]	%	96	96	95
GRI 301-1	Packaging consumption, all types[2,3]	Tonnes	169,971	163,342	156,717
GRI 301-1	Plastic packaging consumption[3,4]	Tonnes	34,358	33,596	32,332
GRI 301-2	Share of plastic packaging materials from renewable or recycled sources[3]	%	14	10	9
GRI 301-1	Consumption of packaging per revenue, all types	Tonnes/ mill. NOK	3	3,3	3,3
GRI 301-1	Consumption of plastic packaging materials per revenue[4]	Tonnes/ mill. NOK	0.62	0.68	0.69

[1] Time period covered 2021-11-01 to 2022-10-31.

[2] Includes paper-based materials and bio-based plastics.

[3] Based on collected supplier data.

[4] Includes both pure plastic packaging and composite materials.

Reduction of salt, saturated fat and sugar[1]

Indicator references	Indicator	Unit	2022	2021	2020
Self-defined	Decrease in salt consumption due to reduction activities compared to previous year	Kg %	45,131 0.4	62,000 0.5	168,100 1.7
Self-defined	Consumption of salt (own production) per revenue	Kg/ million NOK	264	321	280
Self-defined	Decrease in saturated fat consumption due to reduction activities compared to previous year	Kg %	1,331,364 2.4	1,142,000 2.3	808,800 2.0
Self-defined	Decrease in sugar consumption due to reduction activities compared to previous year	Kg %	437,017 0.4	1,602,000 1.7	2,233,700 2.2
Self-defined	Consumption of sugar (own production) per revenue	Kg/ million NOK	2,506	2,713	2,856

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[1] Concerns Orkla Foods Europe, Orkla Confectionery & Snacks and Orkla Food Ingredients. Historical figures have not been adjusted for subsequent changes in corporate structure. The figures are associated with uncertainty due to variations in the calculation method over time and between companies.

Safe food production[1]

Indicators references	Indicator	Unit	2022	2021	2020
GRI 416-1	Share of significant product and service categories for which health and safety impacts are assessed for improvement:				
	– Food products[2]	%	100	100	100
	– Non-food consumer goods products	%	54	-	-
GRI 416-2	Incidents of non-compliance concerning food safety, risk level 1 (life threatening health hazard)	Number	0	1[3]	0
GRI 416-2	Incidents of non-compliance concerning food safety, risk level 2 (serious health hazard or serious quality deviation)	Number	5	9	10

[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.

Safe deliveries of raw materials

Indicators references	Indicator	Unit	2022	2021	2020
Self-defined	Risk assessment of suppliers: Self-assessments	Number	1,160	1,776	1,311
Self-defined	Risk assessment of suppliers: Assessments carried out by Orkla	Number	1,290	1,815	1,409
Self-defined	Risk assessment of suppliers: Supplier audits	Number	172	150	119

Food safety training

Indicators references	Indicator	Unit	2022	2021	2020
Self-defined	Participants in courses run by Orkla's Food Safety Team	Number	661	867	353
Self-defined	Extent of courses run by Orkla's Food Safety Team	Hours	4,405	6,919	3,094
Self-defined	Participants in courses run by Orkla factories	Number	8,970	8,587	8,294
Self-defined	Extent of courses run by Orkla factories	Hours	17,090	23,117	18,716

Stakeholder dialogue and social engagement

Indicators references	Indicator	Unit	2022	2021	2020
GRI 203-1 WEF Prosperity	Support for external organisations and projects				
	– Investment in local infrastructure	NOK million	0	0,5	0,1
	– Total donations and support for external projects	NOK million	71.4	32.4	46.9
	– Total support for external projects linked to social causes[1]	NOK million	56.5	-	-
	– Estimated value of product donations and pro-bono work	NOK million	24.2	7.4	16.5
GRI 415-1	Financial support received from government during the year				
	– Subsidies for operational, energy investments, innovation, labour and environmental measures	NOK million	28.5	43.5	107.7
	– Raw material price compensation	NOK million	131.6	132.7	160.2
GRI 415-1	Total value of political contributions	NOK million	0	0	0
WEF Prosperity	Total research and development expenses	NOK million	314	305	343

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[1] Applies to external projects and organisations linked to health, welfare and charity. Comparable figures for 2020 and 2021 are not available.

Responsible employer

Diversity and equal opportunity

Indicator references	Indicators	Unit	2022	2021	2020
GRI 2-7,	Employee diversity				
GRI 405-1,	– Total number of employees[1]	Number	20,471	21,423	18,109
WEF People	– Permanent employees[2]	Number	19,347	-	-
	– Temporary employees[2]	Number	1 ,124	-	-
	– Total share of women employees[1]	%	46.9	47.0	43.9
	- Share of employees in commercial and staff functions[2]	%	45.8	46.2	43.1
	– Share of women	%	47.9	51.4	50.0
	– Under 30 years old	%	12.2	12.3	-
	– 30–50 years old	%	61	59.5	-
	– Over 50 years old	%	26.7	28.3	-
	– Share of employees within production, maintenance, and warehouse	%	53.2	53.8	56.2
	– Share of women	%	47.9	43.2	40.7
	– Under 30 years[3]	%	14.8	16.4	-
	– 30–50 years[3]	%	49.5	46.3	-
	– Over 50 years[3]	%	35.5	37.3	-
	– Share of employees under 30 years old[2]	%	13.4	14.5	13.3
	– Share of employees 30–50 years old[2]	%	54.2	52.4	52.3
	– Share of employees over 50 years old[2]	%	32.3	33.1	33.5
	– Share of employees by region[1, 4]				
	– Asia	%	19.2	-	-
	– Baltics	%	9.4	-	-
	– Nordics	%	44.7	-	-
	– Rest of Europe	%	26.5	-	-
	– Total number of permanent employees[2, 3, 4]	Number	19,347	-	-
	– Female permanent employees	%	43	-	-
	– Male permanent employees	%	49	-	-
	– Permanent employees per region[2, 3, 4]				
	– Asia	%	-	-	-
	– Baltics	%	90	-	-

	– Nordics	%	97	-	-
	– Rest of Europe	%	97	-	-
	– Total number of temporary employees[2, 3, 4]	Number	1,124	-	-
	– Female temporary employees	%	53.8	-	-
	–Male temporary employees	%	46.1	-	-
	– Temporary employees per region[2, 3, 4]				
	– Asia	%	-	-	-
	– Baltics	%	0.15	-	-
	– Nordics	%	2.6	-	-
	– Rest of Europe	%	2.7	-	-
GRI 405-1	Diversity in management				
	– Total number of managers at all levels	Number	2,512	2,535	2,167
	– Total share of women in management[5]	%	40.0	41.8	41.5
	– Total share of managers under 30 years old	%	3.2	3.4	2.6
	– Total share of managers 30-50 years old	%	63.7	63.0	65.1
	– Total share of managers over 50 years old	%	33	33.6	36.1
	– Managers on Orkla's Group Executive Board	Number	10	9	10
	– Share of women on Orkla's Group Executive Board	%	30	22	20
	– Managers in management teams at Group, business area and business unit level	Number	470	363	422
	– Share of women in management teams at Group, business area and business	%	39.5	38.0	35.9
GRI 202-2	Share of management team members recruited from the country where the business is located	%	93	93	86
GRI 406-1	Formal complaints or cases related to breaches of anti-discrimination regulation	Number	0	0	0
WEF People	Costs of any losses (fines, compensation, or legal costs) as a result of legal proceedings related to discrimination cases	NOK	0	0	0

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[1] Total number of employees as of 31 December 2022 based on internal system for financial reporting.

[2] Based on an internal HR reporting system and covers 98% of total number of employees.

[3] Covers the Baltics, Nordics and Rest of Europe. The figures are associated with uncertainty due to varying degree of registration of employment type.

[4] Corresponding figures for 2020 and 2021 are not available.

[5] The reduction in total share of women managers from 2021 to 2022 is due to structural changes and improvements in the reported data.

Employment and Wages

Indicator references	Indicator	Unit	2022	2021	2020
GRI 401-1,	Workforce changes				
WEF Prosperity	– Number of new employee hires	Number	2,492	2,076	2,323
WEF People	– Under 30 years[6]	%	31.3	36.1	-
	– 30–50 years[6]	%	53.2	48.4	-
	– Over 50 years[6]	%	17	15.5	-
	– Share of women[6]	%	52.2	51.8	-
	– Nordics	%	35.5	-	-
	– Baltics	%	23.6	-	-
	– Rest of Europe	%	30.8	-	-
	– India	%	9.7	-	-
	– Total employees who have left the company[6]	Number	3,828	2,952	-
	– Under 30 years[6]	%	34.1	27.8	-
	– 30–50 years[6]	%	43.4	43.9	-
	– Over 50 years[6]	%	22.4	28.2	-
	– Share of women[6]	%	42.2	51.9	-
	– Nordics	%	40	-	-
	– Baltics	%	7.8	-	-
	– Rest of Europe	%	26.8	-	-
	– India	%	21.3	-	-
	– Share of employee hires (new employees/total number of employees)	%	12.3	10.4	13
	– Employee turnover (employees left/total number of employees)	%	19	14.8	-
WEF People	Lowest entry level wage compared to local legal minimum wage[7]				
	– Baltcs	Ratio	1.2	1.5	-
	– Other Europe	Ratio	1.2	1.2	-
	– Asia	Ratio	1.7	4.4	-
WEF People	The CEO’s financial compensation related to the average compensation for the group’s other employees[8]	Ratio	30,6	28,3	19,2

[6] Based on an internal HR reporting system and covers 98% of total number of employees. Corresponding numbers for 2020 is not available.

[7] Lowest entry level wage for production employees for Orkla’s operations in relation to the national minimum wage in the countries in question. The Nordic countries are not included since wages are determined through national collective bargaining agreements.

[8] Orkla’s CEO started in the position on 11 April 2022. For calculation of the ratio, the CEO compensation for 2022 has been adjusted to reflect a full-year basis.

Training and education

Indicator references	Indicators	Unit	2022	2021	2020
GRI 404-1 WEF People	Average hours of organised training per employee				
	– Total[9]	Hours	7.1	9.6	8.6
	– Women[10]	Share	58.2	53.1	
	– Men[9]	Share	41.8		
WEF People	Average training cost per employee	NOK	1,040	750	-
GRI 412-2	Employee training on human rights issues[11]				
	– Total number of hours of training				
	– Share of employees who have received training during the year	Hours	28,229	22,653	23,427
	(unique individuals not registered)	%	94	77	81
GRI 404-3	Share of employees covered by procedures for regular performance appraisal				
	– Total	%	70	60	59
	– Managers	%	93	88	93
	– Administrative employees	%	90	83	80
	– Sales personnel	%	91	95	79
	– Employees within production, maintenance, and warehouse	%	56	46	40

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[9] Includes both centrally organised training and training organised by business units.

[10] Includes centrally organised training only.

[11] Training on human rights and important sub-topics, including occupational health and safety and diversity, equity and inclusion.

Integrity

Indicator references	Indicators	Unit	2022	2021	2020
GRI 205-2	Anti-corruption training				
	– Number of employees trained during the year	Number	11,163	3,830	1,733
	– Share of employees trained during the year	%	54.3	17.9	9.6
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 417-2	Formal complaints and matters related to product labelling laws and regulations	Number	2	2	0
GRI 417-3	Formal complaints and matters related to marketing laws and regulations	Number	6	4	3
GRI 418-1	Formal complaints and cases related to breaches of privacy regulation (GDPR)	Number	0	0	0
GRI 419-1, WEF Governance	Non-compliance with laws and regulations in the social and economic area				
	– Value of significant fines[1]	NOK million	0.4	0.4	0
	– Costs related to legal processes	NOK million	0.2	0.5	-
	– Number of non-monetary sanctions	Number	5	5	0
	– Number of cases brought through dispute resolution mechanisms	Number	9	4	4
GRI 2-27	Material fines and sanctions for non-compliance with environmental laws and/or regulations[1]	Number	2	0	1
	Material fines for non-compliance with environmental laws/and or regulations[1]	NOK million	0.4		0.1
GRI 102-17, WEF Governance	Number of notification cases related to potential breaches of legal requirements or Orkla's ethical guidelines[2]	Number	42	44	47

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[1] We define material fines as having a value above NOK 100,000.

[2] Cases reported through Orkla's central whistleblowing system.

Occupational health and safety

Indicator references	Indicators	Unit	2022	2021	2020
GRI 403-10	Sickness absence[1]				
	– Sickness absence, total	%	4.9	4.4	4.6
	– Sickness absence, Norway	%	6.1	5.4	5.0
	– Sickness absence, Nordics (excl. Norway) and Baltics	%	5.2	4.9	4.1
	– Sickness absence, rest of world	%	4.2	3.8	4.9
GRI 403-9	Injuries		-		
	– Lost Workday Rate[2] (LDWR), total		3.8	3.8	3.8
	– Lost Workday Rate[2], Norway		4.0	1.5	3.1
	– Lost Workday Rate[2], Nordics (excl. Norway) and Baltics		5.2	6.2	5.4
	– Lost Workday Rate[2], rest of world		2.8	2.8	2.6
	– Total Recordable Rate[3], total		5.9	8.3	7.5
	– Total Recordable Rate[3], Norway		6.3	5.0	7.0
	– Total Recordable Rate[3], Nordics, (excl. Norway and Baltics)		8.9	15.0	12.6
	– Total Recordable Rate[3], rest of world		3.5	4.5	3.3
	– Work-related fatalities		0	0	0
GRI 403-8	Share of employees covered by the Orkla Environment, Health and Safety policy	%	100	100	100

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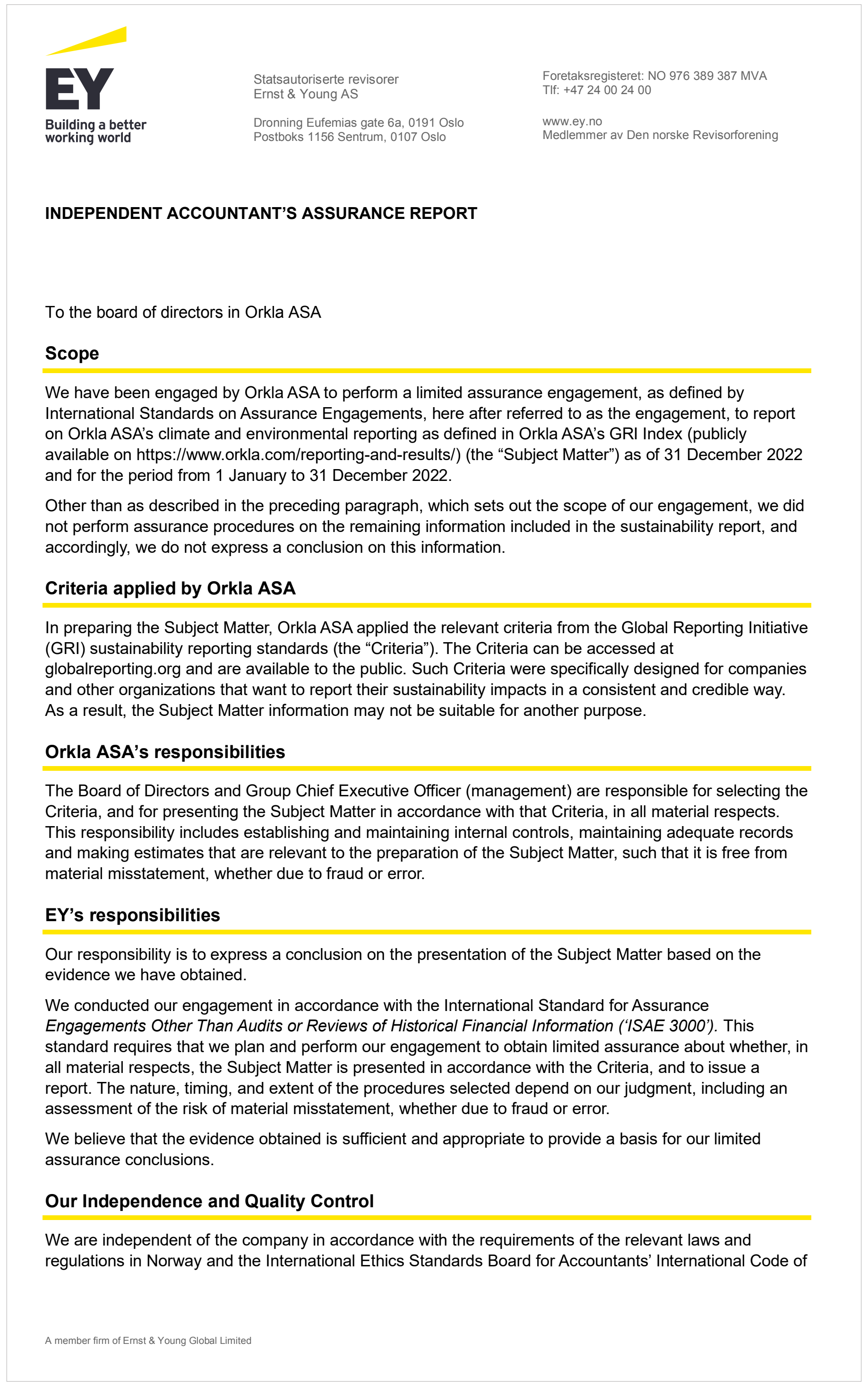
[1] Figures for contracted workers are not reported due to lack of data.

[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.



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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 in Orkla ASA's GRI Index (publicly available on https://www.orkla.com/reporting-and-results/) (the "Subject Matter") as of 31 December 2022 and for the period from 1 January to 31 December 2022.

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

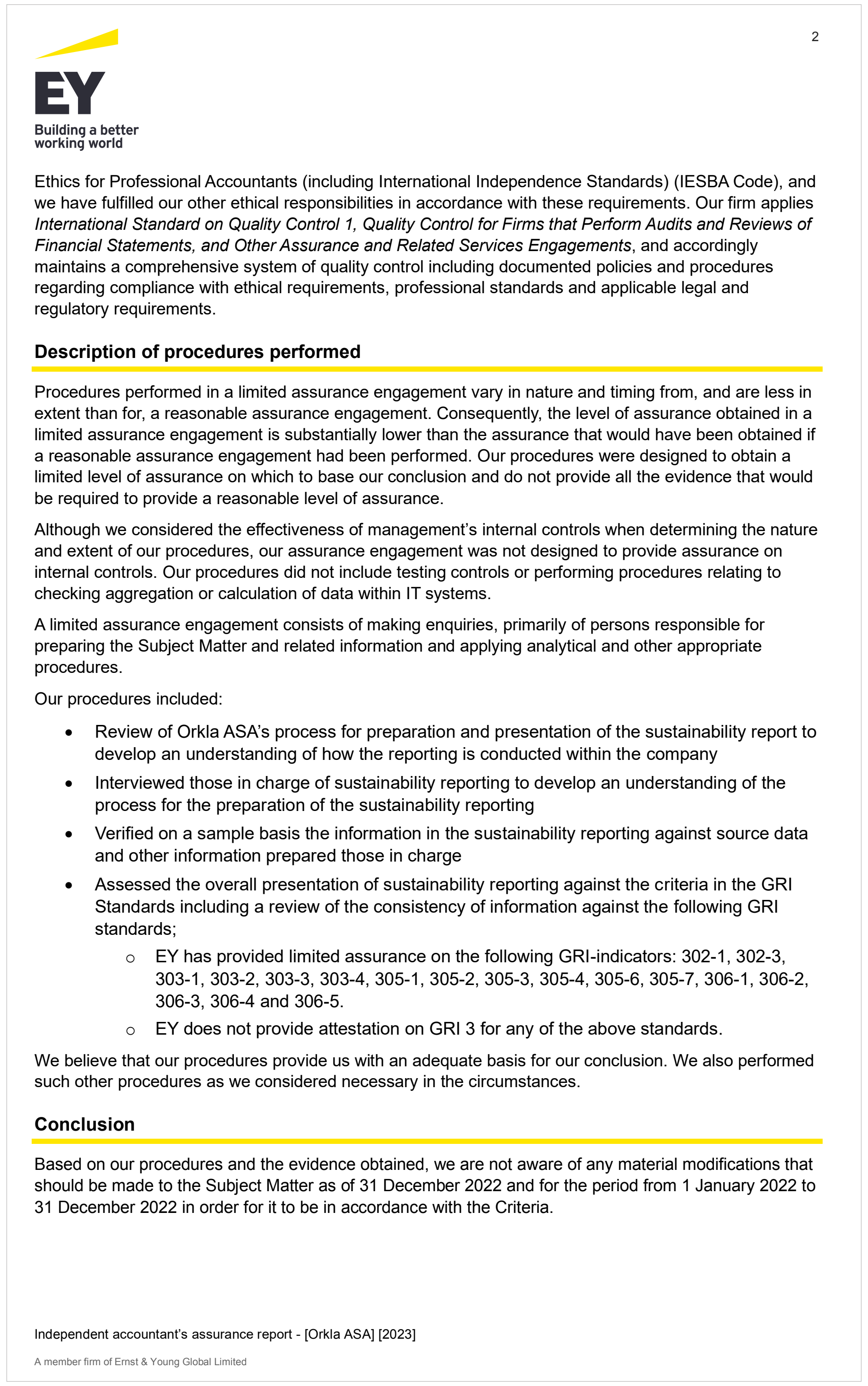
Our responsibility is to express a conclusion on the presentation of the Subject Matter based on the evidence we have obtained.

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 conclusions.

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



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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, Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*, 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.

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.

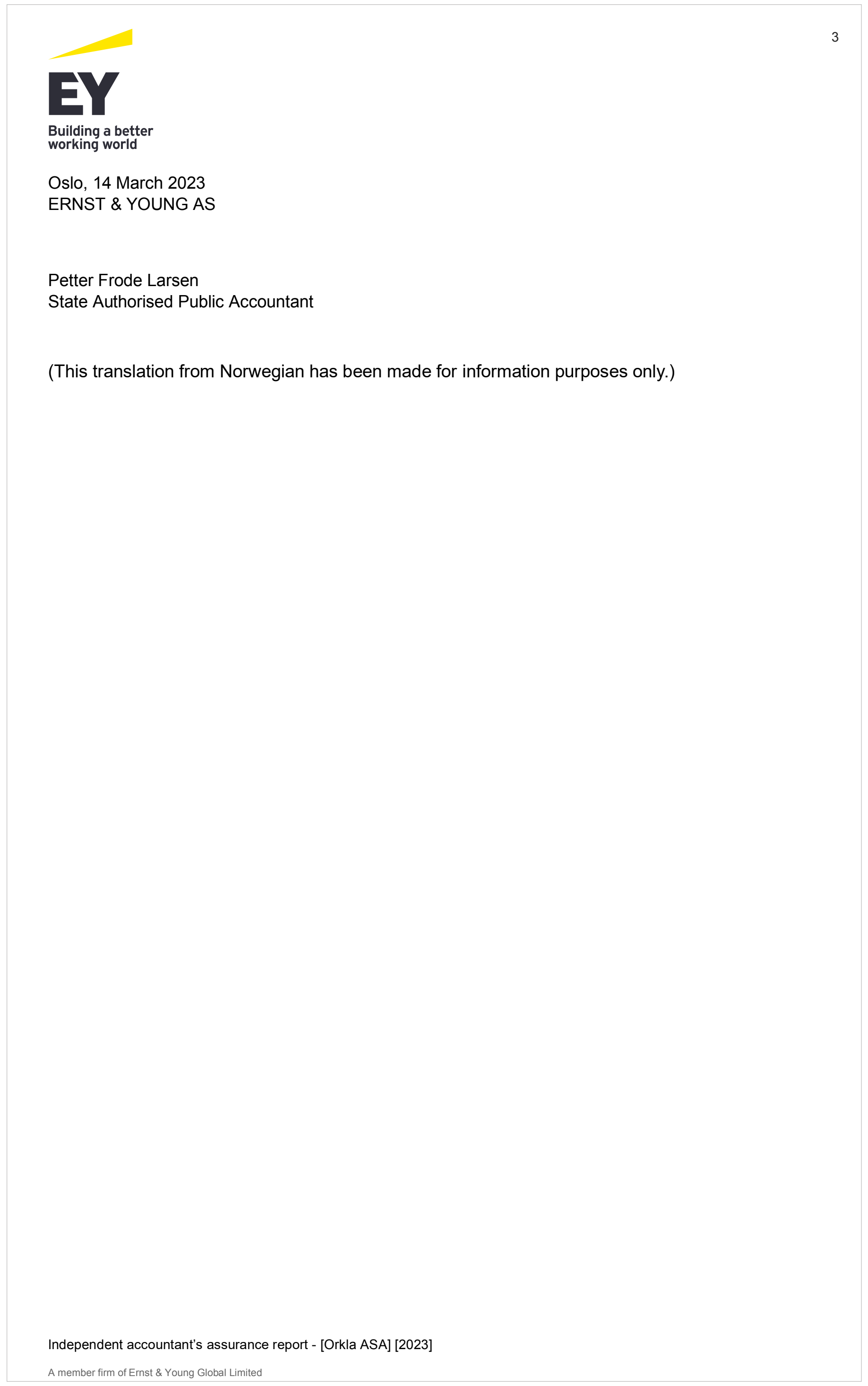
Our procedures included:

- Review of Orkla ASA's process for preparation and presentation of the sustainability report to develop an understanding of how the reporting is conducted within the company
- Interviewed those in charge of sustainability reporting to develop an understanding of the process for the preparation of the sustainability reporting
- Verified on a sample basis the information in the sustainability reporting against source data and other information prepared those in charge
- Assessed the overall presentation of sustainability reporting against the criteria in the GRI Standards including a review of the consistency of information against the following GRI standards;
  - 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 attestation 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.

Conclusion

Based on our procedures and the evidence obtained, we are not aware of any material modifications that should be made to the Subject Matter as of 31 December 2022 and for the period from 1 January 2022 to 31 December 2022 in order for it to be in accordance with the Criteria.



Building a better working world

Oslo, 14 March 2023
ERNST & YOUNG AS

Petter Frode Larsen
State Authorised Public Accountant

(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	2022	2021
Sales revenues	7, 9	57 955	50 208
Other operating revenues	7, 9	436	233
Operating revenues	7, 9	**58 391**	**50 441**
Cost of materials	10	(28 868)	(25 171)
Payroll expenses	11, 12	(9 760)	(9 123)
Other operating expenses	13	(10 095)	(7 915)
Depreciation	7, 19, 20, 21	(2 257)	(2 087)
Operating profit before other income and expenses (EBIT adj.)	7	**7 411**	**6 145**
Other income	7, 14	127	171
Other expenses	7, 14	(641)	(586)
Operating profit	7	**6 897**	**5 730**
Profit/loss from associates and joint ventures	6	861	855
Interest income	15	52	30
Interest costs	15, 21	(405)	(196)
Other financial income	15	3	4
Other financial costs	15	(63)	(57)
Profit/loss before taxes		**7 345**	**6 366**
Taxes	16	(2 077)	(1 468)
Profit/loss for the year		**5 268**	**4 898**
Profit/loss attributable to non-controlling interests	33	249	90
Profit/loss attributable to owners of the parent		5 019	4 808

Earnings per share

Amount in NOK	Note	2022	2021
Earnings per share	17	5.04	4.82
Earnings per share, diluted	17	5.04	4.82

Statement of comprehensive income

Amounts in NOK million	Note	2022	2021
Profit/loss for the year		**5 268**	**4 898**
Other items in comprehensive income			
Actuarial gains and losses pensions	12, 16	354	54
Changes in fair value shares		(17)	38
Items not to be reclassified to profit/loss in subsequent periods		**337**	**92**
Change in hedging reserve	16, 31	41	152
Items charged to equity in associates and joint ventures	6	272	(32)
Translation effects		767	(977)
Hedging of net investment in foreign operations	31	(187)	216
Items after tax to be reclassified to profit/loss in subsequent periods		**893**	**(641)**
Comprehensive income		**6 498**	**4 349**
Comprehensive income attributable to non-controlling interests	33	262	78
Comprehensive income attributable to owners of the parent		6 236	4 271

Statement of financial position

Assets

Amounts in NOK million	Note	2022	2021
Property, plant and equipment	7, 20, 21	19 138	17 458
Intangible assets	7, 19	33 624	30 554
Deferred tax assets	16	86	129
Investments in associates and joint ventures	6, 7	6 154	5 332
Other financial assets	22	703	647
Total non-current assets		**59 705**	**54 120**
Inventories	23	10 359	7 534
Trade receivables	24	7 709	6 528
Other receivables and financial assets	24	1 396	1 255
Cash and cash equivalents	25	1 502	1 127
Total current assets		**20 966**	**16 444**
Total assets		**80 671**	**70 564**

Equity and liabilities

Amounts in NOK million	Note	2022	2021
Paid-in equity	32	1 968	1 967
Retained earnings		39 718	36 474
Non-controlling interests	33	1 470	910
Total equity		**43 156**	**39 351**
Interest-bearing liabilities	21, 28, 29	14 975	10 731
Deferred tax	16	2 241	2 084
Provisions and other liabilities	26	2 645	3 175
Total non-current liabilities		**19 861**	**15 990**
Interest-bearing liabilities	21, 28, 29	4 127	3 603
Income tax payable	16	1 667	990
Trade payables	27	8 134	7 286
Other liabilities	27	3 726	3 344
Total current liabilities		**17 654**	**15 223**
Total equity and liabilities		**80 671**	**70 564**

Statement of cash flow

Amounts in NOK million	Note	2022	2021
Profit before taxes		7 345	6 366
Depreciation and write-downs	19, 20, 21	2 404	2 092
Changes in net working capital, etc.		(2 595)	(645)
Profit/loss from associates and joint ventures	6	(861)	(855)
Dividends received from associates and joint ventures	6	328	255
Financial items without cash flow effect	15	9	47
Taxes paid	16	(1 400)	(907)
Cash flow from operating activities		**5 230**	**6 353**
Sale of property, plant and equipment	20	46	81
Investments in property, plant and equipment and intangible assets	8, 19, 20	(2 823)	(2 687)
Sold companies	5, 6	126	0
Acquired companies	5, 6	(2 919)	(5 811)
Other capital transactions		13	56
Cash flow from investing activities		**(5 557)**	**(8 361)**

Amounts in NOK million	Note	2022	2021
Dividends paid		(3 047)	(2 784)
Sale of treasury shares		43	57
Acquisition treasury shares		0	(403)
Paid to shareholders	32	**(3 004)**	**(3 130)**
Proceeds from borrowings		4 641	3 832
Repayments of borrowings		(780)	(2 014)
Repayments of lease liabilities	21	(570)	(543)
Net change in current liabilities		333	1 847
Net change in interest-bearing receivables		39	(23)
Cash flow from financing activities excluding payments to shareholders	7, 28, 29	**3 663**	**3 099**
Cash flow from financing activities		**659**	**(31)**
Currency effect on cash and cash equivalents		43	(47)
Change in cash and cash equivalents		**375**	**(2 086)**
Cash and cash equivalents 1 January		1 127	3 213
Cash and cash equivalents 31 December	25	1 502	1 127

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 2021	1 252	(1)	721	**1 972**	(207)	162	2 528	32 787	**37 242**	462	**37 704**
Profit/loss for the year	-	-	-	**-**	-	-	-	4 808	**4 808**	90	**4 898**
Items in comprehensive income	-	-	-	**-**	152	(32)	(749)	92	**(537)**	(12)	**(549)**
Group comprehensive income	-	-	-	**-**	152	(32)	(749)	4 900	**4 271**	78	**4 349**
Dividends paid	-	-	-	**-**	-	-	-	(2 739)	**(2 739)**	(45)	**(2 784)**
Net purchase/sale of treasury shares	-	(5)	-	**(5)**	-	-	-	(341)	**(346)**	-	**(346)**
Share-based payment (see Note 11)	-	-	-	**-**	-	-	-	13	**13**	-	**13**
Change in non-controlling interests (see Note 33)	-	-	-	**-**	-	-	-	-	**-**	415	**415**
Equity 31 December 2021	1 252	(6)	721	**1 967**	(55)	130	1 779	34 620	**38 441**	910	**39 351**
Profit/loss for the year	-	-	-	**-**	-	-	-	5 019	**5 019**	249	**5 268**
Items in comprehensive income	-	-	-	**-**	41	272	567	337	**1 217**	13	**1 230**
Group comprehensive income	-	-	-	**-**	41	272	567	5 356	**6 236**	262	**6 498**
Dividends paid	-	-	-	**-**	-	-	-	(2 987)	**(2 987)**	(60)	**(3 047)**
Net purchase/sale of treasury shares	-	1	-	**1**	-	-	-	42	**43**	-	**43**
Share-based payment (see Note 11)	-	-	-	**-**	-	-	-	32	**32**	-	**32**
Change in non-controlling interests (see Note 33)	-	-	-	**-**	-	-	-	(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**

[1] See Note 31 for hedging reserves before tax.

[2] Items charged to equity in associates (AC) and joint ventures (JV).

Oslo, 14 March 2023

The Board of Directors of Orkla ASA

Stein Erik Hagen
Chairman of the Board

Liselott Kilaas

Anna Mossberg

Peter Agnefjäll

Christina Fagerberg

Rolv Erik Ryssdal

Terje Utstrand

Sverre Josvanger

Karin Hansson

Roger Vangen

Nils K. Selte
President & CEO

(This translation from Norwegian of the Annual Financial Statements 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 2022 were approved by the Board of Directors of Orkla ASA on 14 March 2023. 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. The Orkla group operates primarily in the branded consumer goods, renewable energy and real estate sectors. The business areas are described in the segment information in Note 7.

The financial statements for 2022 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. The accounting policies have been highlighted with a "Ⓟ" and estimate uncertainty is marked with an "Ⓔ". 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, with cross-references. In addition, certain sustainability elements have been presented in relevant notes and marked with an "Ⓢ".

The group has 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 other items of a special nature arise on the financial statement lines under the company's operating profit/loss, adjustments will also be made for them. See Note 17 for further information on earnings per share (adj.).

Orkla uses the terms "Organic growth", "Changes in underlying EBIT (adj.)" and "Underlying EBIT (adj.) margin growth" to explain changes in operating revenues and EBIT (adj.). These are not accounting terms, but "organic growth" is used in the segment information in Note 7.

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. The statement of cash flows in Orkla format therefore shows the change in net interest-bearing liabilities at group level, and is presented in Note 7 on segment reporting.

The definitions of the various alternative performance measures (APM) may be found on page 308.

Sales and purchases of companies

Acquisitions and disposals of companies are presented in Note 5. Orkla has made several large acquisitions, and in 2022 companies were purchased for a total of NOK 3,099 million at enterprise value. The biggest acquisitions were the purchases of Denali Ingredients (Orkla Food Ingredients) and Healthspan Group Limited (Orkla Care).

Comments on the year 2022

In 2022, Orkla focused on sustainable growth and long-term value creation, and the group completed the acquisitions of several strategically important companies; see Note 5.

Orkla's operations were widely impacted by the war in Ukraine in 2022 which, combined with the aftermath of the coronavirus pandemic, led to steep increases in the costs of key raw materials, energy and other input factors. Orkla's value chains and markets have been impacted by high inflation, and price increases have been implemented to compensate for higher input costs. This could be significant for the valuation of Orkla's assets and the situation is being monitored closely; see Note 18.

Orkla is committed to contributing to the transition to sustainable production and consumption. This includes targeted efforts to reduce greenhouse gas emissions, develop packaging solutions that increase material recovery and promote sustainable agriculture, fisheries and other raw material production. In addition, the companies actively engage in innovation work to develop food products with a favourable nutrition profile, increase consumption of plant-based food and use recycled materials and raw materials from renewable sources. This work is described in greater detail in Orkla's Report of the Board of Directors and Orkla's Sustainability Report.

The group's "Other income" and "Other expenses" were higher in 2022 than in 2021. In 2022, there were costs related to the acquisition and integration of new companies and costs related to several restructuring and improvement projects in the group. There were also costs related to the write-down of the business in Russia and of the Harris brand in Orkla House Care, and a few minor brands in Orkla Health. Other income included the sale of property and businesses. See Note 14 for more information on the group's "Other income" and "Other expenses"

In 2022 it was decided that Orkla is to be transformed into a leading industrial investment company. Its scope of activity will be brands and consumer-oriented companies, building further on Orkla's deep consumer insight and experience of developing leading brands. At the same time, Orkla will take an active portfolio management approach, with focus on fast-growing, consumer segments and markets. The aim is to establish a corporate structure and culture that create greater value, with increased autonomy and responsibility for the individual portfolio companies.

Twelve autonomous portfolio companies will be established in Orkla: Jotun (42.6% interest), Orkla Foods Europe, Orkla Food Ingredients, Orkla Confectionery & Snacks, Orkla Health, Orkla Home and Personal Care, Orkla India, Pizza Out of Home, Orkla House Care, Health and Sports Nutrition Group, Pierre Robert Group and Lilleborg. In addition, three business service companies will be established to ensure that Orkla continues to realise key synergies. Orkla will pursue a long-term, industrial approach to the portfolio companies as an active owner, interacting with the companies through the company boards . The transformation of Orkla into an industrial investment company will entail changes in Orkla's segment reporting in future. The new operational model will be established as of 1 March 2023, but will be implemented in internal and external reporting as from the second quarter of 2023.

Other matters

Orkla has no loan agreements containing financial covenants.

The Norwegian krone strengthened against the EUR, SEK and DKK in 2022. This resulted in a net amount of NOK 580 million in positive translation differences against equity.

Sustainability

A good dialogue with stakeholders is essential to fulfilling Orkla's responsibility towards various stakeholder groups, adapting to changes in society and building trust in Orkla's operations. Orkla pursues an active dialogue with customers, suppliers, employees, shareholders, authorities and civil society actors, and wishes to provide insight into the way the group deals with matters of importance for its operations and key stakeholder groups. Orkla reports on the progress made in its efforts to address environmental and social issues in a Sustainability Report, which is included as a separate section in Orkla's Annual Report. Further information on reporting criteria may be found on page 98.

Note 2 Basis for preparing the consolidated financial statements

The assets in the statement of financial position are recognised on the basis of the purchase cost, and this will largely determine their further accounting treatment. Normally, the purchase cost will be the highest value at which an asset may be recognised. However, this does not apply to the treatment of financial assets and accounting hedges, which are reported at fair value on an ongoing basis. Assets that no longer justify their value are written down to the recoverable amount, which is the higher of value in use and fair value minus selling costs.

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 53.5% as at 31 December 2022 and financial reserves that more than cover the group's liabilities in the next 12 months; see Note 29.

An asset or liability is classified as current when it is part of a normal operating cycle, when it is held primarily for trading purposes, when it consists of cash or cash equivalents on the statement of financial position date or when the entity concerned does not have an unconditional right to defer payment for at least 12 months. Other items are non-current. A dividend does not become a liability until it has been formally approved by the General Meeting.

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.

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. All the companies that are consolidated have applied consistent accounting policies and all intercompany matters have been eliminated. In addition, associates and joint ventures are presented using the equity method, while any minor assets in other companies are presented at fair value, with changes in value reported in the comprehensive income statement.

Interests in companies in which the group alone has controlling interest (subsidiaries) have been consolidated, line by line, on a 100% basis in the consolidated financial statements from the date the group has control and are consolidated until the date that such control ends. The group will have control if it has the power to govern the subsidiary, has exposure or rights to variable returns from the subsidiary and can affect the amount of the returns in the subsidiary. If the group has control, but owns less than 100% of the subsidiaries, the companies are still consolidated, line by line, on a 100% basis, while the non-controlling interests' share of profit or loss after tax, their share of comprehensive income and their share of equity are presented on separate lines. As at 31 December 2022, no companies were consolidated in the group based on the rules regarding de facto control, i.e. that the group has < 50% ownership, but by virtue of the ownership composition nonetheless in fact has control.

Profit or loss from associates and joint ventures is presented on an ongoing basis as part of the group's profit or loss, using the equity method. This applies to interests in companies in which the group together with others has controlling interest (joint ventures) and interests in companies where the group has significant influence (associates). 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. 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. A material part is defined as an individual segment, an individual geographical area or a substantial asset. Consequently, all other figures are presented exclusive of the “Discontinued operations”. The comparative figures in the income statement are restated and aggregated with the “Discontinued operations” on one line. The comparative figures for the statement of financial position and the statement of cash flows are not restated correspondingly. If an agreement is entered into to sell operations or assets that constitute less than a segment, assets and liabilities are reported on separate lines of the statement of financial position as “Held for sale”. The income statement and the statement of cash flows are not restated.

Policies for translating foreign currency

Revenues and expenses in subsidiaries with a different functional currency from that of the parent company are translated monthly at the average exchange rate for the month and translation differences are accumulated. 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 arise from two different situations. The first is when an income statement with a different functional currency than that of the parent company is translated at the average monthly exchange rate, while the statement of changes in equity is translated at the closing rate. The latter is when the opening and closing rates of the statement of changes in equity differ. When the average exchange rate in the income statement and the opening rate in the statement of changes in equity differ from the closing rate, translation differences arise in the explanation of changes in equity. Translation differences are recognised as “Other items in comprehensive income”.

Translation differences related to borrowing and lending in another functional currency, identified as net investment, are also reported 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	
	2022	2021	2022	2021
EUR	10.10	10.16	10.51	9.99
SEK	0.95	1.00	0.95	0.97
DKK	1.36	1.37	1.41	1.34

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.

Note 3 Presentation of the financial statements

As stated in Note 1, the disclosure of accounting policies has been presented in the relevant notes. This has been done so as 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 divided into lines for various income and expense items and culminates in the group's profit or loss for the year. Orkla has chosen to present its income statement based on a traditional classification of expenses by nature.

The statement of comprehensive income is based on the group's profit or loss for the year and presents items that are recognised in equity, but not included in profit or loss for the period. Actuarial gains and losses on pensions and gains or losses and changes in the value of share investments are recognised in comprehensive income with permanent effect. Other items are recognised in comprehensive income temporarily and reversed when the related assets/items are sold or settled. Corresponding items in associates and joint ventures are reported in the same way.

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 section, 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, presenting cash flows from operating, investing and financing activities, and explains changes in "Cash and cash equivalents" in the reporting period.

The reconciliation of changes in interest-bearing items 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.

The statement of changes in equity presents all the items reported in equity, including items from the comprehensive income statement. Other items in addition to the latter consist of transactions relating to shareholders, such as dividends, the purchase and sale of treasury shares and transactions relating to non-controlling interests.

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]	24 693
Trademarks with indefinite life	18, 19	Net present value future cash flows/NSV[1]	7 686
Property, plant and equipment	18, 20	Net present value future cash flows/NSV[1]	17 359
Leases	21	Lease period, renewal options and net present value future cash flows	1 779
Discounts, reduction in prices of seasonal goods, etc.	9, 27	Estimated need for provision in line with agreements	1 637
Provisions for liabilities and other non-current liabilities	26	Estimated need for provision based on incurred liabilities and estimated exposure	745

[1] NSV: Net sales value.

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 2022 has been affected by Russia's invasion of Ukraine, coupled with the aftermath of the pandemic. This has led to steep increases in the costs of key raw materials, energy and other inputs. The situation will be monitored closely with regard to indications of a need for write-downs for some of the group's businesses. Global challenges posed by climate change and resource scarcity will also be an element when assessing Orkla's businesses. Assessments related to the valuation of non-current assets are disclosed in Note 18.

The valuation and estimated useful life of property, plant and equipment are based on future information and will always involve a degree of uncertainty. Especially in a situation where the group is planning major changes in its manufacturing structure and number of production sites, there will be extra focus on the assessments made of different production facilities. The various production sites are routinely assessed based on a going concern approach, but in a situation where a change in organisational structure could mean that some plants will be closed or reorganised, these assessments will have to be changed on an ongoing basis and could lead to the identification of both excess values and deficit values.

In the Branded Consumer Goods business, 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 1.6 billion 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, and entail an inherent risk of estimate variance; see Notes 9 and 27.

Other sales revenue reductions such as reductions in the price of seasonal goods, etc. must be estimated, due to the fact that externally-sourced data will not be available until after the financial statements have been prepared and presented.

These arrangements also entail an inherent risk of estimate variance. There have been no material variances between provisions for and actually reported sales revenue reductions in the past few years.

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 2022 is deemed to be sufficient to cover Orkla's remaining liabilities; see Note 26.

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. Agreements with individual customers are normally entered into by the Orkla companies (business units).

New standards, statements and interpretations of current standards may result in changes in the choice of accounting policies and presentation. Such changes will be recognised in the financial statements when new estimates are prepared and whenever new requirements regarding presentation are introduced.

At the time the Annual Financial Statements for 2022 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 consolidated financial statements. An assessment must be made of whether the provisions of IAS 1 Presentation of Financial Statements and IFRS PS2 Making Materiality Judgements, which entered into force on 1 January 2023, might entail some minor changes in the group's description of accounting policies.

Exercise of judgement

The financial statements may be affected by the choice of form of presentation, accounting policies and exercise of judgement. This applies, for instance, 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, but not in EBIT (adj.) broken down by segment.

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.

Profit or loss from associates and joint ventures is presented after operating profit/loss as these companies are reported as an investment.

In the case of some acquisitions of companies with minority shareholders, option agreements may have been entered into which regulate any rights relating to the future buyout of these ownership interests. In such cases, an assessment will be made of whether Orkla has in fact purchased these interests based on agreements entered into or whether these are ownership interests that must be presented as non-controlling interests. The purchase agreements related to Eastern Condiments, New York Pizza and Da Grasso contain agreements enabling Orkla, in the longer term, to acquire full ownership of these businesses. In the case of these acquisitions, the assessment is that there is a chance that Orkla will not become 100% owner. Therefore, no provision has been made for liabilities in the statement of financial position, but non-controlling interests have been recognised in equity.

S Sustainability

The global challenges related to climate change, resource scarcity, nutrition and health affect Orkla's activities in the form of a risk of changes in raw material availability, costs, consumer preferences and political framework conditions. The group monitors developments closely through an active dialogue with stakeholders and ongoing analyses. Orkla's sustainability strategy covers the topics considered particularly important for the group based on a double materiality assessment, in which both Orkla's impact on its surroundings and the commercial risk associated with sustainability challenges are considered. Through its sustainability work, Orkla's ambition is to contribute towards achieving the global sustainability goals, ensure effective risk management and exploit sustainability-related opportunities to create growth, trust and long-term profitability. The business risk for Orkla related to the global sustainability challenges is described in greater detail in the Sustainability Report, and in a separate report on climate-related risk which may be found on Orkla's website.

Note 5 Disposals and acquisitions of companies

Ⓟ Accounting policies

Disposals of companies
When a business is divested, the gain is measured as the difference between the selling price and the company's booked equity, minus any remaining excess value related to the business. Any sales expenses incurred will reduce the gain/increase the loss. Accumulated translation differences and any hedging reserves related to the divested business will be recognised in the income statement as part of the gain/loss, with a corresponding contra entry in "Other items in comprehensive income". The gain will be reported before tax and the business's associated tax will be recognised on the tax line of the income statement. The real gain is reflected in the sum total of the gain and the tax. If the sold business qualifies for recognition as "Discontinued operations", all the effects associated with the gain will be reported on the line for "Discontinued operations" in the income statement.

Acquisitions of companies
Business combinations are accounted for using the acquisition method. When a subsidiary is acquired, a fair value assessment is carried out, and assets and liabilities are valued at their fair value at the time of acquisition. The residual value in the acquisition will be goodwill. The acquisition is reported in the financial statements from the date the group has control. The date of control is normally the date on which the acquisition agreement takes effect and has been approved by all the relevant authorities and will normally be after the contract date. 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. In companies where the group already owned interests prior to the business combination, any change in the value of earlier interests will be recognised in the income statement. The group's equity will therefore be affected by the fact that the assets are repriced as if the entire acquisition had been made at this time. The same procedure will in principle be carried out in connection with the establishment of a joint venture and with the acquisition of an associate. However, these are not considered to be business combinations because the group does not obtain control. M&A costs and subsequent integration costs are recognised as "Other expenses".

Disposals of companies

In 2022, Orkla Foods Česko a Slovensko sold a property in Maratice, Czech Republic, and Orkla Eiendom sold the Alvo Park property in Latvia.

Orkla Latvija (Orkla Confectionery & Snacks) sold its convenience business in Latvia and Lithuania in 2022. The business mainly consisted of the sale of fresh sandwiches through local convenience stores and petrol stations. The convenience business was part of Orkla's purchase of NP Foods in 2016 and has been organised in the subsidiaries SIA Fresh Food Production (Latvia) and Margiris UAB (Lithuania). The convenience business's sales revenues totalled around EUR 10 million in 2021. The business was no longer included in Orkla's financial reporting as from 1 June 2022 (approx. EUR 4 million in annual sales) and from 1 October 2022 (approx. EUR 6 million in annual sales).

See also Note 14 "Other income and expenses" for a description of profit or loss effects related to the disposals.

Acquisitions of companies

Orkla Food Ingredients purchased 84% of the shares in Denali Ingredients, a leading company in ice cream ingredients in the USA. Denali Ingredients has seen strong organic growth of more than 10% per year over the past 15 years. The company has 160 employees. The seller is Denali Companies LLC, which is owned and operated by the founding family of Wally and June Blume. Denali Ingredients encompasses the entities Denali Ingredients LLC, Denali Staffing LLC, Denali Investment Properties LLC and Denali Equipment LLC. As part of the transaction, the seller and Denali Ingredients CEO Neal Glaeser will invest in Denali Ingredients and be co-owners in the company with a combined stake of ~16%. Mr Glaeser will continue in his role as CEO.

In addition to the initial purchase price, the agreement includes a potential top-up payment if the company delivers strong growth in the coming years.

In February 2022, Orkla Health (Orkla Care) acquired 100% of the shares in Healthspan Group Limited, a leading supplier of dietary supplements in the UK market. Healthspan was established in 1996 and has since built up a strong brand and a broad range of dietary supplements and skin care products. A total of 92% of the company's sales are made directly to consumers and the company has around half a million active customers. Healthspan has a strong portfolio of over 400 different products, most of which are sold under the Healthspan brand. Healthspan had 170 employees with offices in Guernsey and proprietary distribution centres in the UK, Ireland and New Zealand.The purchase agreement includes the possibility of a top-up payment to the seller of up to GBP 20 million based on the company's results (EBITDA) in the next two financial years. As at 31 December 2022, it was estimated that no top-up payment must be paid to the seller in connection with the transaction.

In September 2022, Orkla Consumer & Financial Investments purchased 74% of the shares in Da Grasso, one of Poland's leading pizza franchise chains with 193 outlets. The company has 51 employees. Da Grasso was owned by Karolina Rozwandowicz (95%) and Magdalena Piróg (5%). Both will continue to be shareholders in the company in partnership with Orkla. Upon completion of the transaction, Orkla will own 74% of the shares in the company and the two minority shareholders will own the remaining shares. Da Grasso was consolidated into Orkla's balance sheet as of 31 December 2022 and will be recognised in the income statement as from 1 January 2023.

In January 2022, Orkla Health (Orkla Care) acquired 95% of the shares in Vesterålen Marine Olje AS, which produces various raw materials based on white fish for use, for example, in cod liver oil production. Vesterålen Marine Olje has long been an important supplier of raw materials for Möller's Tran cod liver oil. Vesterålen Marine Olje also comprises the subsidiaries Vesterålen Marine Proteiner AS and Vesterålen Marine Ingredienser AS, in addition to a 30% interest in Vesterålen Marine Seaweed AS. Orkla has an option to purchase the remaining 5% of the company.

Orkla Food Ingredients acquired 70% of the shares in the Belgian company Hadecoup in April 2022. The company is a leading player in the sale and distribution of ice cream ingredients and accessories in Belgium. Hadecoup had operating profit (EBIT) of EUR 1.3 million (approx. NOK 13 million) in 2021. The company was consolidated into Orkla's financial statements as of 1 April 2022. Orkla has an obligation to purchase the remaining ownership interest in the company over the next five years, and this obligation has been reported as a liability in the balance sheet.

In December 2022 Orkla Health (Orkla Care) purchased the remaining 50% of the shares in the company Lofoten Marine Oil AS. Orkla has had a 50% interest in the company and Lofoten Marine Oil has been reported as an associate. The company was consolidated into Orkla's financial statements as of 1 December 2022. Lofoten Marine Oil had a turnover of NOK 11 million in 2021.

In June 2022, Orkla Food Ingredients purchased 30% of the shares in the company NIC Nederland BV from minority shareholders. There is a remaining minority shareholding of 5% in the company.

In addition to these acquisitions, some small businesses were purchased by Orkla Food Ingredients and Orkla Foods Europe.

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 Vesterålen Marine Olje has been completed. Other purchase price allocations for companies acquired in 2022 had not been completed as at 31 December 2022 due to uncertainty attached to certain valuation factors. There are no material variable payments for any of the acquisitions completed in 2022 apart from the matters disclosed in the note.

The purchase price allocations for all companies acquired in 2021 were completed in 2022. 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 153 million (NOK 142 million in 2021) was recognised in acquisition costs in 2022. The acquisition costs are presented as “Other costs”; see Note 14.

Orkla has entered into agreements on the acquisition and disposal of companies which had not been completed as at 31 December 2022. These acquisitions are disclosed in Note 38 “Events after the balance sheet date”.

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

S Sustainability

In 2022, Orkla continued to invest in companies that increase the group’s ability to promote sustainable consumption. Orkla Health strengthened its position in dietary supplements through the acquisitions of Vesterålen Marine Olje and Healthspan in 2022.

Acquired companies

	Acquisition			Allocation of excess and deficit values					Operating revenues		EBIT (adj.)[1]	
Amounts in NOK million	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
2022												
Denali Ingredients, Orkla Food Ingredients	November	84%	1 723	-	-	5	(1)	1 483	153	905	(6)	114
Healthspan Group, Orkla Care	March	100%	771	183	-	(17)	(36)	489	445	93	(12)	(2)
Da Grasso, Orkla Consumer Investments	December	74%	197	45	-	-	(9)	167	0	168	0	28
Vesterålen Marine Olje, Orkla Care	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**									
2021												
NutraQ, Orkla Care	July	100%	3 124	400	-	11	(90)	2 692	456	475	77	88
Eastern Condiments, Orkla Foods Europe	April	67.8%	1 597	677	95	(84)	(193)	980	733	244	60	10
New York Pizza, Orkla Consumer Investments[3]	August	75%	1 456	212	-	(32)	(45)	1 150	356	457	44	57
Nói Síríus, Orkla Confectionery & Snacks	June	100%	321	59	(88)	-	(6)	109	162	99	12	0
Cake Décor og For All Baking, Orkla Food Ingredients	May	100%	248	-	-	-	-	201	121	59	15	5
Hans Kaspar, Orkla Food Ingredients	August	100%	100	-	-	-	-	73	53	86	6	12
Seagood Fort Deli, Orkla Foods Europe	March	80%	78	-	-	-	-	65	76	14	8	1
Other acquisitions			96	23	-	-	(5)	53				
Acquisitions at enterprise value			**7 020**	**1 371**	**7**	**(105)**	**(339)**	**5 323**				
Purchase of other shares			10									
Acquisitions in segments, enterprise value (see Note 7)			**7 030**									
Interest-bearing liabilities acquisitions			(1 219)									
Cash flow effect acquisitions[2]			**5 811**									

[1] Profit/loss before tax in acquisitions amounts to (amount recognised in Orkla shown in parenthesis). Denali Ingredients NOK 108 million (NOK -6 million), Healthspan NOK -16 million (NOK -4 million), Da Grasso NOK 29 million (NOK 0 million) and Vesterålen Marine Olje NOK 9 million (NOK 9 million).

[2] Equivalent to compensation for equity adjusted for cash and cash equivalents. Cash and cash equivalents in acquisitions totalled NOK 165 million in 2022 (NOK 464 million in 2021). All acquisitions were settled by cash consideration.

[3] Also includes the purchase of the German pizza franchise chains Stückwerk, Flying Pizza and Pizza Planet which were acquired in September and October 2021.

Acquired companies statement of financial position - fair value

Amounts in NOK million	Total 2022	2022 Denali	2022 Healthspan	2022 Other acquisitions	Total 2021
Property, plant and equipment	534	331	80	123	878
Intangible assets	257	-	186	71	1 398
Deferred tax assets	2	-	-	2	13
Other non-current assets	22	20	-	2	-
Inventories	317	184	125	8	466
Receivables	230	137	53	40	876
Shares in other companies	1	-	-	1	4
Assets	**1 363**	**672**	**444**	**247**	**3 635**
Provisions	(53)	(2)	(37)	(14)	(399)
Non-current liabilities, non-interest-bearing	(4)	-	-	(4)	(14)
Current liabilities, non-interest-bearing	(250)	(102)	(125)	(23)	(1 118)
Non-controlling interests	(297)	(328)	-	31[1]	(407)
Net assets	**759**	**240**	**282**	**237**	**1 697**
Goodwill	2 300	1 483	489	328	5 323
Revenue recognition in connection with change of controll in Lofoten Marine Oil	(25)	-	-	(25)	-
Acquisition cost at enterprise value	**3 034**	**1 723**	**771**	**540**	**7 020**

[1] The buyout of non-controlling interests in NIC Nederland entails a net reduction in non-controlling interests related to other acquisitions.

Note 6 Investments accounted for using the equity method

Ⓟ Accounting policies

The equity method
Investments in associates are investments in companies in which the Orkla group has significant influence by virtue of its ownership interest. These are usually companies in which Orkla owns a 20-50% stake. Joint ventures are investments in companies where the group, together with others, has controlling influence. Both associates and joint ventures are accounted for using the equity method. The group presents its share of the companies' results after tax and non-controlling interests on a separate line in the income statement and accumulates the results reported for the share on a single line in the statement of financial position. Any excess value that is to be depreciated is deducted from profit according to the same policies as for consolidated companies. Goodwill is not depreciated. Dividends received are reported against the ownership interest in the statement of financial position and are regarded as repayment of capital. The value presented in the statement of financial position thus represents the original cost price plus profit or loss accumulated up to the present date, minus any depreciation of excess value and accumulated dividends received. Account is also taken of the share of any translation differences and other equity transactions. Any write-downs of the value of the ownership interest are presented on the same line.

Associates and joint ventures

Orkla's 42.6% interest in Jotun is presented as an associate; see separate section in this note. Orkla also has some smaller associates and joint ventures.

Figures for associates and joint ventures which do not report in accordance with IFRS are restated prior to inclusion in the consolidated financial statements. Orkla has no contingent liabilities, either on its own or jointly with other investors, in associates or joint ventures.

Associates and joint ventures

Amounts in NOK million	Jotun	Other	Total
Book value 1 January 2021	4 648	151	4 799
Additions/disposals	-	(33)	(33)
Associates in acquired business	-	4	4
Share of profit/loss	851	4	855
Dividends	(255)	-	(255)
Translation differences	-	(6)	(6)
Items charged to equity	(32)	0	(32)
Book value 31 December 2021	**5 212**	**120**	**5 332**
Additions/disposals	-	19	19
Share of profit/loss	876	(15)	861
Dividends	(328)	-	(328)
Translation differences	-	(2)	(2)
Items charged to equity	272	-	272
Book value 31 December 2022	**6 032**	**122**	**6 154**
Ownership interest	42.6%[1]		

[1] The group has 38.4% of the voting rights in Jotun.

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 has 40 production plants distributed across all of the world's continents. 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 6,032 million. Orkla's ownership interest (42.6%) serves as the basis for recognition using the equity method, while Orkla has 38.4% of the voting rights. Orkla owns 42,204 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 approx. 50 years. The value of Orkla's interest in Jotun must be seen in the light of this situation. 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	2022	2021
Operating revenues	27 858	22 809
Operating profit/loss	3 737	3 138
Profit/loss after tax and non-controlling interests	**2 056**	**1 998**
Other comprehensive income after non-controlling interests	**2 766**	**1 913**
Non-current assets	11 151	10 257
Current assets	15 204	13 175
Total assets	**26 355**	**23 432**
Non-current liabilities	2 797	3 567
Current liabilities	9 065	7 398
Total liabilities	**11 862**	**10 965**

Reconcilation of equity Jotun against Orkla's share

Amounts in NOK million	2022	2021
Equity in Jotun	14 493	12 468
Non-controlling interests	380	352
Owners of the parent's equity	14 113	12 116
Orkla's share of equity (42.6%)	6 032	5 212
Orkla's share of profit/loss after tax and non-controlling interests (42.6%)	876	851

Note 7 Segments

Branded Consumer Goods
Orkla Foods Europe offers well-known local branded products to consumers in the Nordics, Baltics and Central Europe. The business area 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 sales comes from plant-based, 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 India consists of the companies MTR Foods and Eastern Condiments. Orkla India has strong, market-leading brands, with home markets in the states of Kerala and Karnataka, as well as Andhra Pradesh. In addition, a large share of its sales are export sales. Its largest categories are ready-to-eat meals, spices, snacks, drinks and rice.

Orkla Confectionery & Snacks holds strong number one and number two positions in the confectionery, biscuits and snacks categories, with well-known local brands and tastes in the Nordic and Baltic regions. The business area also develops bran and crispbread products, as well as healthy, high-energy snack meals. Norway is its largest single market.

Orkla Care consists of business units which serve home markets in the Nordics, the UK, the Baltics, Poland and Spain, in addition to making substantial export sales outside the home markets. The two largest business units are Orkla Home & Personal Care which holds leading positions in personal care and household cleaning products, and Orkla Health incl. NutraQ, which has strong dietary supplement, sports nutrition and weight control brands. Orkla Care also holds market-leading positions in several European countries with Orkla Wound Care in wound care products and first aid equipment. HSNG runs the e-commerce portals Gymgrossisten, Bodystore and Fitnessmarket, and is the biggest online player in the Nordics in the health and sports nutrition category.

Orkla Food Ingredients manufactures, sells and distributes ingredients and products to the bakery and ice cream markets, as well as products in plant-based categories, in 23 countries. The Nordic region accounts for around half of the sales. About 55% of sales are made through the Out of Home channel, while around 25% are direct-to-consumer sales under well-known brands. The remaining 20% are sales to industrial manufacturers that chiefly manufacture and supply products for the grocery channel. The biggest product categories are margarine and butter blends, bread and cake improvers and mixes, yeast, marzipan and ice cream ingredients.

Orkla Consumer Investments consists of Orkla's painting tool businesses (Orkla House Care), basic and wool garments (Pierre Robert Group), professional cleaning (Lilleborg) and pizza franchise sales outlets (Kotipizza Group, New York Pizza and Da Grasso). The businesses operate primarily in the Nordic countries, but the UK is an important market for Orkla House Care, and New York Pizza primarily has sales outlets in the Netherlands and Germany. The recently acquired company Da Grasso (consolidated into the income statement as at 1 January 2023) has sales outlets in Poland. Orkla Consumer Investments is part of the Orkla Consumer & Financial Investments business area.

Headquarters (HQ)

Activities at Orkla HQ include the group's executive management and shared and centralised functions, including Group HR, Compensation & Benefits, Legal and Compliance, Sustainability, Orkla Services, Internal Audit, Corporate Communications & Corporate Affairs, Strategy and M&A, Group Sales, Orkla Marketing & Innovation, Orkla Group Procurement, Orkla IT and Environment, Health & Safety (EHS). HQ is presented as a separate segment, but is shown as a sum total together with Branded Consumer Goods. Most of the activities at Orkla HQ are related to Branded Consumer Goods.

Industrial & Financial Investments

Orkla has investments outside Branded Consumer Goods, which are organised under Industrial & Financial Investments. The business area comprises Hydro Power and Financial Investments, in addition to the associate Jotun (42.6% interest); see Note 6. Industrial & Financial Investments are part of the Orkla Consumer & Financial Investments business area.

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 (2013-2022) 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.

Financial Investments consists of Orkla Eiendom and Orkla Ventures. Orkla Eiendom concentrates on investment in and development and sales of properties primarily related to Orkla's activities. Orkla Eiendom also runs the group's headquarters which was completed in February 2019. Orkla Ventures was established in 2017 to reach out to a growing universe of entrepreneurial businesses and start-up companies. Orkla Ventures invests in technology, concepts and business models of relevance for Orkla's businesses. Investments will initially be made in the Nordic and Baltic regions, in line with Orkla's other core activities.

P Accounting policies

Orkla's business areas constitute operating segments, which correspond to the way in which the business areas report figures to the Orkla Management Team (chief operating decision maker), apart from the fact that Orkla Foods Europe and Orkla India for the time being report internally as a single reporting segment. See also the comments related to Orkla Consumer & Financial Investments in this note.

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.

Further information on the breakdown of segments

Orkla's business areas constitute operating segments.

On 11 April 2022, changes were made in Orkla's corporate structure, and Orkla India was established as a separate business area. As from the third quarter of 2022, this change was implemented in external reporting and the formerly reported business area Orkla Foods was split into Orkla Foods Europe and Orkla India. For the present, these two reporting segments are reported as a single reporting segment internally, but as from January 2023 have been reported as separate reporting segments internally as well.

The Orkla Consumer & Financial Investments business area is divided into three reporting segments both internally and externally. Orkla Consumer Investments is reported as part of the Branded Consumer Goods business. Industrial & Financial Investments consists of investments outside the Branded Consumer Goods business and comprises the reporting segments Hydro Power and Financial Investments. With regard to the other business areas, the entire business area is reported as an aggregate sum in both internal and external reporting.

In 2023, Orkla will be transformed into an industrial investment company with brands and consumer-oriented companies as its scope of activity. The new operational model will be established as of 1 March 2023, but will be implemented in internal and external reporting as from the second quarter of 2023. This will therefore affect future segment reporting in Orkla. See also further comments in Note 1.

Income statement items in the segment information

The segment information tables show sales broken down by geographical market, based on the customers' location. The products and services from which revenues are generated are specified in the beginning of this note. Orkla has three customers who each account for around 6-8% of turnover in Branded Consumer Goods. The segment information includes organic growth in operating revenues for Branded Consumer Goods and the definition of this key figure is provided in the section on alternative performance measures (APM) on page 308.

Operating profit in the segment information is equal to the operating profit/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 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/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. Net working capital is closely monitored in order to reduce the funds tied up in capital in the group companies; see also the description of financial targets on page 10. Net working capital is defined in the table below.

Specification of net working capital Branded Consumer Goods incl. HQ

Amounts in NOK million	2022	2021
Trade receivables	7 783	6 670
Other current receivables	897	842
Inventories	10 011	7 314
Trade payables	(8 118)	(7 276)
Value added tax, employee withholding taxes etc.	(1 006)	(879)
Other current liabilities	(2 245)	(2 250)
Net working capital	**7 322**	**4 421**

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 business area 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 shows the group's overall financial capacity, generated by 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 Branded Consumer Goods incl. HQ" and "Cash flow from operations Industrial & 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 alternative performance measures (APM) on page 308. 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.

Segments 2022

Amounts in NOK million	Orkla Foods Europe	Orkla India	Orkla Confectionery & Snacks	Orkla Care	Orkla Food Ingredients	Orkla Consumer Investments	HQ	Eliminations	**Branded Consumer Goods incl. HQ**	Hydro Power	Financial Investments	Eliminations	**Orkla**
Revenues/profit/loss													
Norway	4 947	-	2 153	2 440	1 319	1 296	10	-	**12 165**	2 677	-	-	**14 842**
Sweden	4 980	-	1 595	1 947	2 188	200	-	-	**10 910**	-	-	-	**10 910**
Denmark	1 608	-	799	791	2 344	91	-	-	**5 633**	-	-	-	**5 633**
Finland and Iceland	1 371	-	1 470	827	890	1 447	-	-	**6 005**	-	-	-	**6 005**
The Baltics	587	-	1 120	97	500	15	-	-	**2 319**	-	-	-	**2 319**
Rest of Europe	4 020	7	369	1 800	6 845	1 656	-	-	**14 697**	-	-	-	**14 697**
Rest of the world	112	2 512	60	555	280	30	-	-	**3 549**	-	-	-	**3 549**
External sales revenues	**17 625**	**2 519**	**7 566**	**8 457**	**14 366**	**4 735**	**10**	**-**	**55 278**	**2 677**	**-**	**-**	**57 955**
Other operating revenues	37	23	5	43	12	6	2	-	**128**	67	241	-	**436**
Intercompany sales	158	-	7	104	304	10	753	(1 320)	**16**	-	84	(100)	**0**
Operating revenues	**17 820**	**2 542**	**7 578**	**8 604**	**14 682**	**4 751**	**765**	**(1 320)**	**55 422**	**2 744**	**325**	**(100)**	**58 391**
Organic growth (Branded Consumer Goods)	*7.2%*	*15.5%*	*5.2%*	*5.3%*	*20.5%*	*0.6%*			*9.6%*				
Operating expenses	(15 109)	(2 182)	(6 294)	(7 463)	(13 424)	(4 081)	(1 061)	1 320	**(48 294)**	(285)	(244)	100	**(48 723)**
Depreciation	(738)	(57)	(295)	(243)	(405)	(287)	(78)	-	**(2 103)**	(131)	(23)	-	**(2 257)**
EBIT (adj.)	**1 973**	**303**	**989**	**898**	**853**	**383**	**(374)**	**-**	**5 025**	**2 328**	**58**	**-**	**7 411**
Other income and expenses	(99)	(9)	(53)	(127)	(88)	(82)	(60)	-	**(518)**	2	2	-	**(514)**
Operating profit/loss	**1 874**	**294**	**936**	**771**	**765**	**301**	**(434)**	**-**	**4 507**	**2 330**	**60**	**-**	**6 897**
Cash flow													
Cash flow from operations	927	322	191	309	216	(29)	(424)	-	**1 512**	2 344	(28)	-	**3 828**
Of this net replacement investments	(655)	(57)	(826)	(393)	(425)	(386)	(31)	-	**(2 773)**	(103)	(2)	-	**(2 878)**
Expansion investments	(184)	(23)	(26)	(72)	(81)	(61)	-	-	(447)	-	-	-	**(447)**
Capital employed													
Net working capital	3 070	75	355	1 392	2 024	494	(88)	-	**7 322**	(32)	291	-	**7 581**
Investments in associates and joint ventures	66	16	-	4	-	35	-	-	**121**	-	6 033	-	**6 154**
Intangible assets	8 906	2 095	5 372	8 463	4 196	4 153	421	-	**33 606**	18	-	-	**33 624**
Property, plant and equipment	5 399	562	3 534	1 615	3 177	1 086	237	-	**15 610**	1 901	1 627	-	**19 138**
Pension liabilities, net	(627)	-	(161)	(234)	(127)	(9)	(660)	-	**(1 818)**	(12)	(2)	-	**(1 832)**
Deferred tax, excess values	(396)	(220)	(410)	(276)	(8)	(197)	-	-	**(1 507)**	-	-	-	**(1 507)**
Capital employed	**16 418**	**2 528**	**8 690**	**10 964**	**9 262**	**5 562**	**(90)**	**-**	**53 334**	**1 875**	**7 949**	**-**	**63 158**
Key Figures													
Operating margin EBIT (adj.)	11.1%	11.9%	13.1%	10.4%	5.8%	8.1%	-	-	**9.1%**	84.8%	-	-	**12.7%**
Total man-years 31 December	5 715	3 318	2 681	2 225	3 959	1 210	437	-	**19 545**	40	11	-	**19 596**

Segments 2021

Amounts in NOK million	Orkla Foods Europe	Orkla India	Orkla Confectionery & Snacks	Orkla Care	Orkla Food Ingredients	Orkla Consumer Investments	HQ	Eliminations	**Branded Consumer Goods incl. HQ**	Hydro Power	Financial Investments	Eliminations	**Orkla**
Revenues/profit/loss													
Norway	4 856	-	2 201	2 418	1 226	1 305	6	-	**12 012**	1 138	-	-	**13 150**
Sweden	4 855	-	1 521	1 681	1 954	211	0	-	**10 222**	-	-	-	**10 222**
Denmark	1 438	-	713	684	1 914	98	-	-	**4 847**	-	-	-	**4 847**
Finland and Iceland	1 138	-	1 372	715	738	1 352	-	-	**5 315**	-	-	-	**5 315**
The Baltics	559	-	1 101	90	385	15	-	-	**2 150**	-	-	-	**2 150**
Rest of Europe	3 772	-	346	1 162	5 381	1 182	23	-	**11 866**	-	-	-	**11 866**
Rest of the world	123	1 853	65	472	113	22	10	-	**2 658**	-	-	-	**2 658**
External sales revenues	**16 741**	**1 853**	**7 319**	**7 222**	**11 711**	**4 185**	**39**	**-**	**49 070**	**1 138**	**-**	**-**	**50 208**
Other operating revenues	32	16	9	68	20	11	5	-	**161**	39	33	-	**233**
Intercompany sales	118	-	9	99	281	9	637	(1 142)	**11**	0	77	(88)	**-**
Operating revenues	**16 891**	**1 869**	**7 337**	**7 389**	**12 012**	**4 205**	**681**	**(1 142)**	**49 242**	**1 177**	**110**	**(88)**	**50 441**
Organic growth (Branded Consumer Goods)	*1.4%*	*6.7%*	*3.4%*	*2.3%*	*10.4%*	*4.8%*			*4.3%*				
Operating expenses	(13 950)	(1 590)	(5 913)	(6 121)	(10 975)	(3 512)	(969)	1 142	**(41 888)**	(338)	(71)	88	**(42 209)**
Depreciation	(698)	(51)	(311)	(202)	(391)	(195)	(73)	-	**(1 921)**	(137)	(29)	-	**(2 087)**
EBIT (adj.)	**2 243**	**228**	**1 113**	**1 066**	**646**	**498**	**(361)**	**-**	**5 433**	**702**	**10**	**-**	**6 145**
Other income and expenses	(261)	(13)	(55)	(32)	(21)	(39)	5	-	**(416)**	-	1	-	**(415)**
Operating profit/loss	**1 982**	**215**	**1 058**	**1 034**	**625**	**459**	**(356)**	**-**	**5 017**	**702**	**11**	**-**	**5 730**
Cash flow													
Cash flow from operations	1 628	240	591	834	469	286	(297)	-	**3 751**	789	(97)	-	**4 443**
Of this net replacement investments	(658)	(66)	(811)	(274)	(487)	(285)	(44)	-	**(2 625)**	(100)	(9)	-	**(2 734)**
Expansion investments	(231)	-	(23)	(37)	(179)	(16)	-	-	**(486)**	-	-	-	**(486)**
Capital employed													
Net working capital	1 963	98	181	959	1 199	198	(177)	-	**4 421**	(43)	183	-	**4 561**
Investments in associates and joint ventures	70	15	-	3	-	32	-	-	**120**	-	5 212	-	**5 332**
Intangible assets	8 812	2 084	5 206	7 660	2 625	3 700	449	-	**30 536**	18	-	-	**30 554**
Property, plant and equipment	5 204	538	2 894	1 220	2 727	1 009	243	-	**13 835**	1 935	1 688	-	**17 458**
Pension liabilities, net	(921)	-	(244)	(334)	(189)	(10)	(692)	-	**(2 390)**	(16)	(2)	-	**(2 408)**
Deferred tax, excess values	(388)	(218)	(398)	(239)	(10)	(179)	-	-	**(1 432)**	-	(4)	-	**(1 436)**
Capital employed	**14 740**	**2 517**	**7 639**	**9 269**	**6 352**	**4 750**	**(177)**	**-**	**45 090**	**1 894**	**7 077**	**-**	**54 061**
Key Figures													
Operating margin EBIT (adj.)	13.3%	12.2%	15.2%	14.4%	5.4%	11.8%	-		**11.0%**	59.6%	-	-	**12.2%**
Total man-years 31 December	6 295	3 733	2 818	2 137	3 907	1 527	367	-	**20 784**	42	13	-	**20 839**

Cash flow Orkla format

Amounts in NOK million	2022	2021
Cash flow from Branded Consumer Goods incl. HQ		
EBIT (adj.)	5 025	5 433
Depreciation	2 096	1 924
Changes in net working capital	(2 415)	(456)
Net replacement investments	(2 773)	(2 625)
Cash flow from operations (adj.)	**1 933**	**4 276**
Cash flow effect from “Other income” and “Other expenses” and pensions	(421)	(525)
Cash flow from operations, Branded Consumer Goods incl. HQ	**1 512**	**3 751**
Cash flow from operations, Industrial & Financial Investments	**2 316**	**692**
Taxes paid	(1 400)	(907)
Dividends received, financial items and other payments	(63)	139
Cash flow before capital transactions	**2 365**	**3 675**
Dividends paid and purchase/sale of treasury shares	(3 004)	(3 130)
Cash flow before expansion	**(639)**	**545**
Expansion investments	(447)	(486)
Sale of companies (enterprise value)	132	0
Purchase of companies (enterprise value)	(3 099)	(7 030)
Net cash flow	**(4 053)**	**(6 971)**
Currency effects of net interest-bearing liabilities	(377)	593
Change in net interest-bearing liabilities	**4 430**	**6 378**
Net interest-bearing liabilities	**17 188**	**12 758**

Reconciliation operating activities IFRS cash flow against cash flow Orkla format

Amounts in NOK million	2022	2021
Cash flow from operating activities IFRS cash flow	5 230	6 353
Items not incl. in operating activities:		
Net replacement expenditures Branded Consumer Goods incl. HQ	(2 773)	(2 625)
Net replacement expenditures Industrial & Financial Investments	(105)	(109)
Other payments	13	56
Cash flow before capital transactions in cash flow Orkla format	2 365	3 675

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

Amounts in NOK million	2022	2021
Change cash and cash equivalents IFRS cash flow	(375)	2 086
Change net interest-bearing liabilities IFRS cash flow	3 663	3 099
Net interest-bearing liabilities in acquired/sold companies	174	1 219
Interest-bearing liabilities new leases	548	614
Total currency effect net interest-bearing liabilities	377	(593)
Currency effect cash and cash equivalents	43	(47)
Change net interest-bearing liabilities Orkla format	4 430	6 378

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

	Capital employed		Investments[1]		Number of man-years	
Amounts in NOK million	2022	2021	2022	2021	2022	2021
Norway	24 156	22 127	736	857	2 667	2 854
Sweden	8 479	7 631	633	493	3 048	3 305
Denmark	6 779	5 891	437	528	1 620	1 579
Finland and Iceland	5 250	4 841	255	106	1 013	961
The Baltics	3 234	2 501	656	521	1 613	1 643
Nordic region and the Baltics	**47 898**	**42 991**	**2 717**	**2 505**	**9 961**	**10 342**
Rest of Europe	10 565	8 288	592	682	5 564	6 033
Rest of the world	4 695	2 782	75	96	4 071	4 464
Total	**63 158**	**54 061**	**3 384**	**3 283**	**19 596**	**20 839**

Link between segments and "Investments":		
Net replacement investments, from segments (see Note 7)	2 878	2 734
Sale of property, plant and equipment (see cash flow statement)	46	81
Expansion investments (see Note 7)	447	486
Changes in accounts payable investments	13	(18)
Total	**3 384**	**3 283**

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[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 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 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.

S Sustainability

Many Orkla companies are important employers, and both employees and management are chiefly recruited from the country in which the business is located. By developing profitable workplaces, Orkla creates positive ripple effects for society in the form of skills development, new jobs at supplier companies and in the public sector, and payment of direct and indirect taxes. To ensure long-term, competitive operations, Orkla carried out several major improvement and expansion projects related to production and business systems in 2022. This resulted in substantial investments in countries including Norway, Latvia, Sweden and Denmark.

Note 9 Revenue recognition

P Accounting policies

IFRS 15 "Revenue from Contracts with Customers" establishes a theoretical framework for recognition and valuation of the group's revenues in Branded Consumer Goods and Hydro Power. The date on which the revenue is recognised is determined through a five-step model, the main points of which are identification of a contract with the customer, identification of separate performance obligations, fixing of a transaction price, allocation of the transaction price to separate performance obligations and recognition of revenue upon fulfilment of the performance obligations. Recognition means the date on which an amount is to be taken to income and valuation means how much is to be reported in income. An enterprise fulfils a performance obligation by transferring control of the agreed product or service to the customer, and revenue is recognised at the time the performance obligation is fulfilled.

Sales revenues from Branded Consumer Goods are presented after deducting discounts, value added tax and other government charges and taxes such as the confectionery tax. The Orkla group sells goods and services in many different markets. Sales revenues from Hydro Power consist of sales of electric power that are taken to income upon delivery.

Operating revenues from Financial Investments essentially consist of revenues from property leases, and the sale of housing units developed and built by Orkla Financial Investments. The lease revenues are recognised in income when earned during the lease period. Payments related to housing projects are recognised in income upon delivery of the housing unit and, during the development and construction period, project expenses incurred are recognised as inventory .

Breakdown of external operating revenues

Amounts in NOK million	2022	2021
Branded Consumer Goods	55 394	49 187
HQ	12	44
Branded Consumer Goods incl. HQ	**55 406**	**49 231**
Hydro Power	2 744	1 177
Financial Investments	241	33
Industrial & Financial Investments	**2 985**	**1 210**
Total external operating revenues	**58 391**	**50 441**

See Note 7 Segments for further breakdown of operating revenues in Branded Consumer Goods and operating revenues broken down by geographical areas.

Sales channels split of external operating revenues Branded Consumer Goods:

Amounts in NOK million	2022	2021
Grocery	27 446	26 675
Specialised Trade[1]	6 641	5 910
Industry[2]	7 160	6 084
Hotel, Restaurants and Catering	6 253	4 725
Export[3]	4 546	3 279
Other channels	3 348	2 514
Total external operating revenues Branded Consumer Goods	**55 394**	**49 187**

[1] External sales where the product is sold in a specialised outlet.
[2] External sales to other industrial companies or business-to-business customers.
[3] External sales outside the company's home market.

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, either when they 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.

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 2022, a provision of NOK 1.6 billion (NOK 1.5 billion in 2021) 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. The group otherwise has no material, capitalised delivery obligations related to sales revenues.

Operating revenues Industrial & 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.

In Financial Investments rental revenues are recognised in income when earned. Payments related to housing projects for which the company has profit and loss responsibility are recognised in income upon delivery. This means that a long period of time may elapse between the start of a building project and the recognition of revenues. In the intervening period, incurred project expenses are reported as inventories; see Note 23. Any sales of companies are taken to income when the agreement is completed.

E Estimate uncertainty

The estimate uncertainty relating to sales revenue reductions in the Branded Consumer Goods business is disclosed in Note 4.

S Sustainability

Orkla strives to foster a corporate culture characterised by good judgement and the ability to comply with rules and regulations and deal with ethical challenges. The group has zero tolerance for corruption, price-fixing agreements, market sharing or other practices that hamper free competition. Internal training is regularly provided and the group companies are monitored to reduce the risk of non-compliance with rules.

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 correlated with the sale of the goods and accounted for on an accrual basis through changes in inventory. This applies to both purchased raw materials and goods for resale. Purchased goods are not recognised as a cost until the goods are in the manufacturing process.

The cost of goods is 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 2022, the largest product groups were (figures in parentheses show the category ranking in 2021):

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

Sustainability

The challenges posed by climate change and commodity scarcity entail a risk of increased raw material costs, reduced availability of certain raw materials and breaches of Orkla's Supplier Code of Conduct. Orkla helps to ensure responsible production of raw materials by monitoring suppliers, applying certification systems, participating in industry initiatives and collaborating on projects with authorities and specialised organisations. The group works purposefully to ensure that all prioritised raw materials are sustainably produced by 2025. To reduce the risk of raw material shortages, the group has alternative suppliers for at-risk raw materials.

Orkla seeks to prevent plastic pollution and achieve efficient use of resources by contributing to circular value chains for packaging materials. This work includes increased use of recycled packaging materials, development of packaging solutions that can be recycled and collaborating with other value chain players on actions to increase material recovery. Costs related to this work are considered important for the group's ability to offer products that meet customer and consumer expectations.

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. 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.

Sustainability

Orkla wants to be an attractive employer that offers good working conditions and fair and competitive conditions for all employees. Pay is determined locally, based on the group's general guidelines and using external benchmarking tools for pay and conditions. All full-time employees shall, as a minimum, receive pay and additional benefits that are adequate to meet their fundamental needs.

Amounts in NOK million	2022	2021
Wages	(7 832)	(7 279)
Employer's national insurance contributions	(1 328)	(1 266)
Pension costs[1]	(553)	(526)
Other remuneration etc.	(47)	(52)
Payroll expenses	**(9 760)**	**(9 123)**
Average number of man-years	**20 098**	**20 074**

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

Remuneration of senior executives

The Orkla Management Team has earned the following remuneration during the year:

2022

Amounts in NOK 1 000	Paid salary and holiday pay	Paid bonus and other remuneration	Total paid salary and other remuneration	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	9 948	33 772	3 103	4 560	5 583	13 246

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

2021

Amounts in NOK 1 000	Paid salary and holiday pay	Paid bonus and other remuneration	Total paid salary and other remuneration	Accrued bonus	Allocations long-term incentive programme (LTI)	Accrued pension costs	Total accrued and allocated
Remuneration to President and CEO	8 504	3 870	12 374	2 999	2 451	1 757	7 207
Remuneration to other Orkla Management Team members	27 264	16 639	43 903	9 764	7 760	5 932	23 456

The Orkla Management Team had a total of 680,692 share options in Orkla ASA as at 31 December 2022. No share options have been allocated to the President and CEO since his appointment in 2022. Information on the share option programme is provided under the section “Share-based incentive programmes” in this note.

NOK 21.3 million was paid out in total remuneration to former President and CEO Jaan Ivar Semlitsch, of which NOK 5.1 million concerns the final settlement of accrued pension rights related to the pension plan for employees with salaries over 12G. To the other members of the Orkla Management Team who left the Orkla group in 2022, total remuneration of NOK 8.2 million was paid out. In 2021, NOK 18.1 million was paid out correspondingly.

Further information on the remuneration of senior executives and members of the Board of Directors is provided under “Salary and Other Remuneration for Leading Persons” on page 61 of this report.

Share-based incentive programmes

Share option programme

In 2020, Orkla introduced a long-term incentive programme (LTI programme) based on share options, as a replacement for the previous cash-based LTI programme. Options will be allocated under this programme once a year, and allocations were made in 2021 and 2022. The section on “Salary and Other Remuneration for Leading Persons” on page 61 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 the Orkla 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.

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. The exercise price at the exercise date must be adjusted for dividends paid out up to the exercise date.

Change in options outstanding

	2022 Number	2021 Number
Options outstanding 1 January	3 854 529	0
Allocations	2 980 120	3 957 529
Exercise	0	0
Terminations	(355 838)	(103 000)
Options outstanding 31 December	**6 478 811**	**3 854 529**
Of which options exercisable 31 December	604 429	0

	2022			2021		
	Tranche 1	Tranche 2	Tranche 3	Tranche 1	Tranche 2	Tranche 3
Number of options	506 396	506 396	1 938 325	604 429	604 429	2 318 836
Expected term to exercise (year)	2	3	4	1	2	3
Risk-free interest rate (%)	2.68	2.68	2.68	0.51	0.75	0.93
Volatility (%)	20.45	20.45	20.45	19.11	23.12	22.57
Exercise price at allocation (NOK)	75.18	75.18	75.18	82.06	82.06	82.06
Exercise price at first possible exercise date excl. dividend adjustment (NOK)	77.44	79.76	82.15	81.52	84.06	86.67

The weighted average expected term to exercise for options outstanding as at 31 December 2022 is 2.9 years.

Options' effect on financial statements

Amounts in NOK million	2022	2021
Vesting options	32	13
Change provision employer's contribution	(0.3)	0.3
Net option costs	32	13
Debt (employer's contribution)	0	0.3

Cash-based LTI programme (effective up until 2020)
Payments from the LTI programme in 2022 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 2022, 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 in 2022. The lock-up period for shares purchased is three years. The costs of the employee share purchase programme in 2022 totalled approximately NOK 8 million.

P Accounting policies

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.

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.

Orkla has previously had a 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.

Note 12 Pensions

Ⓟ Accounting policies

In a **defined contribution pension plan**, the company is responsible for making an agreed contribution to the employee's pension assets. The future pension will be determined by the amount of the contributions and the return on the pension savings. Once the contributions have been paid, there are no further payment obligations attached to the defined contribution pension, and there is no liability to report in the statement of financial position. The pension costs related to defined contribution plans will be equal to the contributions to employees' pension savings in the reporting period.

A **defined benefit pension plan** is based on a promise by the company to the employees that they will receive a certain level of pension upon retirement, normally defined as a percentage of final pay. The company is responsible for the amount of the future pension benefit and the financial value of this obligation must be reported in the income statement and statement of financial position.

The accrued obligation is calculated on a straight-line accruals basis, and is measured as the present value of the estimated future pension payments that are vested on the statement of financial position date. The capitalised net liability is the sum of the accrued pension obligation minus the fair value of associated pension fund assets.

Changes in the liability 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. Other variances from estimates are recognised in equity through other comprehensive income in the period in which they arise. The discount effect of the pension obligation and expected return on pension assets are presented net under "Other financial costs" in the income statement.

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 57% and 42%, respectively, of the group's net carried pension liabilities.

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 the Orkla 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 Norwegian basic amount (12G).

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 2022, the AFP premium was 2.6% of total payments of wages between 1 and 7.1 times the average basic amount (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. In Norway, the discount rate varies between 3.4% and 3.8%, depending on the life of the pension.

The discount rate in Sweden is based on Swedish covered bonds and was increased to 4.0% for 2022, from 1.7% in 2021. In light of the higher interest rate, the estimate for expected inflation was also increased slightly, from 2.0% to 2.1%, and expected wage adjustment was increased from 2.7% to 2.8%. The combined effect of these changes will be lower obligations with a recognised effect in other comprehensive income (OCI).

Parameters such as wage 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 DUS14 to DUS21. In the UK the most recent version of the CMI_2019 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 3.5% reduction in accrued obligation. A reduction of 0.5 percentage points in the discount rate results in an increase in accrued obligation of 3.7%.

For Sweden, an increase of 0.5 percentage points in the discount rate results in a reduction of 7.0% in accrued obligation. A reduction of 0.5 percentage points results in an increase of 7.9% 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 2023 are expected to total NOK 1.8 million.

E 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 wage 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.

	Norway		Sweden	
	2022	2021	2022	2021
Discount rate	3.4–3.8%	1.95–1.97%	4.0%	1.7%
Future wage adjustment	3.5%	2.5%	2.8%	2.7%
G-multiplier[1]	3.5%	2.5%	2.8%	2.7%
Adjustment of benefits	1.7%	1.0%	2.1%	2.0%
Personnel turnover	0–5%	0–5%	3.0%	3.0%
Expected average remaining vesting period (years)	5.3	5.8	11.2	11.7

[1] As at 31 December 2022, 1G was NOK 111,477.

Breakdown of net pension costs

Amounts in NOK million	2022	2021
Contribution plans	(521)	(456)
Current service cost (incl. national insurance contributions)	(33)	(69)
Curtailments and settlements pension plans[1]	(11)	(5)
Pension costs defined as payroll expenses	(565)	(530)
Interest on pension obligations[2]	6	(64)
Expected return on pension plan assets	7	3
Pension costs defined as financial costs	13	(61)
Net pension costs	**(552)**	**(591)**

[1] Primarily concerns the restructuring of Orkla ASA and conversion of the pension plan in LG Harris and is presented as “Other expenses”.

[2] The positive interest expense is essentially due to the negative return on the Norwegian companies’ pension plans for employees with salaries over 12G, which is reported as a positive interest rate in the companies concerned.

Breakdown of net pension obligations as at 31 December

Amounts in NOK million	2022	2021
Present value of funded pension obligations	(437)	(616)
Pension plan assets (fair value)	437	616
Net funded pension liabilities	0	0
Present value of unfunded pension obligations	(1 832)	(2 408)
Capitalised net pension obligations	(1 832)	(2 408)
Capitalised pension obligations	(1 868)	(2 447)
Capitalised plan assets	36	39

Breakdown of gross pension obligations during the year

Amounts in NOK million	2022	2021
Pension obligations 1 January	(3 024)	(3 091)
Current service cost (incl. national insurance contributions)	(33)	(69)
Interest on pension obligations	6	(64)
Actuarial gains and losses reported in statement of comprehensive income	605	85
Acquisition/sale of companies[1]	-	(107)
Curtailments and settlements pension plans[2]	(3)	(3)
Benefits paid during the year	140	115
Currency translation effects	40	110
Pension obligations 31 December	(2 269)	(3 024)

Change in pension assets during the year

Amounts in NOK million	2022	2021
Pension plan assets (fair value) 1 January	616	547
Expected return on pension plan assets	7	3
Actuarial gains and losses reported in statement of comprehensive income	(125)	(13)
Acquisition/sale of companies[1]	-	98
Curtailments and settlements pension plans[2]	-	(2)
Contributions and benefits paid during the year	(29)	(22)
Currency translation effects	10	7
Effect of asset ceiling	(42)	(2)
Pension plan assets (fair value) 31 December	437	616

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

	2022	2021
Cash, cash equivalents and money market investments	7%	8%
Bonds	61%	73%
Shares	13%	10%
Real estate	19%	9%
Total pension plan assets	100%	100%

[1] Applies to pension in the company Hans Kaspar, acquired in 2021; see Note 5.
[2] Primarily concerns expenses related to conversion of the pension plan in LG Harris.

Overview of net pension obligations and actuarial gains and losses in the last four years

Amounts in NOK million	2022	2021	2020	2019
Pension obligations	(2 269)	(3 024)	(3 091)	(2 763)
Pension plan assets	437	616	547	437
Net pension obligations	(1 832)	(2 408)	(2 544)	(2 326)
Actuarial gains and losses in pension obligations	605	85	(143)	(319)
Actuarial gains and losses in pension plan assets	(125)	(13)	97	50

Note 13 Other operating expenses

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

Amounts in NOK million	2022	2021
External freight costs	(1 605)	(1 314)
Energy costs (production and heating)	(1 128)	(759)
Water consumption and waste management	(146)	(124)
Advertising	(2 433)	(2 009)
Repair and maintenance costs	(766)	(600)
Consultants, legal advisors, temporary staff etc.	(727)	(686)
Operating expenses vehicles	(195)	(138)
Short-term and variable lease expenses	(132)	(102)
Other	(2 963)	(2 183)
Total other operating expenses	**(10 095)**	**(7 915)**

Expenses reported in "Other" include costs related to IT, insurance, travel, courses and conferences.

P 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.

S Sustainability

Orkla's goal is to achieve a 30% reduction in energy consumption for the 2014–2025 period. Transfers of lessons learned and best practices between companies and factories are an important means of reducing energy use. Consumption is reduced through energy efficiency projects and improvement of production processes. Adjusted for acquisitions and increased turnover, energy consumption has been reduced by 37% since 2014.

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	2022	2021
Gain on sale	74	16
Insurance settlement	23	108
Refund of indirect taxes previous periods	5	27
Earn Out agreement at acquisition	0	16
Income related to transition from joint venture to subsidiary	25	4
Total other income	**127**	**171**

Other expenses

Amounts in NOK million	2022	2021
M&A and integration costs	(174)	(161)
Final settlement employment relationships etc.	(53)	(69)
Loss on sale	0	(6)
Write-downs property, plant and equipment and intangible assets	(147)	(5)
Other restructuring costs and other items	(267)	(345)
Total other expenses	**(641)**	**(586)**
Total other income and expenses	**(514)**	**(415)**
Of this: Write-downs property, plant and equipment	(31)	(5)
Write-downs intangible assets	(116)	0

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

Amounts in NOK million	2022	2021
Sales revenues	5	27
Other operating revenues	122	144
Payroll expenses	(53)	(69)
Other operating expenses	(441)	(512)
Depreciation and write-downs	(147)	(5)
Total other income and expenses	**(514)**	**(415)**

Largest items in other income and expenses

Amounts in NOK million	2022	2021
Insurance income relating to salmonella outbreaks	23	85
Recall costs related to salmonella outbreaks	(28)	(85)
Acquisition costs (M&A)	(153)	(142)
Write-down and discontinuation of activities in Russia	(118)	-
Improvement projects related to a new biscuit and chocolate factory in Latvia	(72)	(35)
Group project new Orkla business model	(68)	-
Write-down trademarks House Care UK	(64)	-
Write-down and costs related to ERP project	-	(123)

S Sustainability

To ensure competitive operations in a long-term perspective, Orkla carried out some large restructuring projects in the period 2020-2022. The purpose was to strengthen long-term competitiveness by making more effective use of capacity, improving operational efficiency and increasing the effect of investments in production equipment. Employees who have lost their jobs have largely been offered other jobs within Orkla or helped to find new employment.

Other income
Orkla Foods Česko a Slovensko sold a property in Maratice, Czech Republic, in 2022. A gain of NOK 35 million was recognised in income presented as "Other income".

Orkla purchased the remaining 50% of the shares in the associate Lofoten Marine Oil AS. Since Lofoten Marine Oil has changed from an associate to a subsidiary, all the company's assets have been recognised at fair value. As a result, NOK 25 million has been recognised in income; see also Note 5.

Orkla Latvija (Orkla Confectionery & Snacks) sold its convenience business in Latvia and Lithuania in 2022 at a total gain of NOK 19 million. See also further information on the sale in Note 5. NOK 12 million was also taken to income in Orkla Foods Europe related to the sale of the bottled water business in Orkla Latvija completed in 2021.

Orkla Confectionery & Snacks Sverige sold the Kung Oscar (ginger snap biscuits) brand in 2022 at a gain of NOK 5 million.

As at 31 December 2022, NOK 23 million was recognised in income in connection with an ongoing insurance settlement related to the recall of Husk products (Nordic region) and Colon-C products (Poland) in Orkla Care in connection with a salmonella outbreak. NOK 27 million in costs were recognised under "Other expenses ".

In 2022, Orkla Eiendom sold the Alvo Park property in Latvia. A total of NOK 4 million related to the sale was recognised in income.

"Other income" was substantially affected in 2021 by the recognition in income of an insurance settlement totalling NOK 108 million, of which NOK 85 million was income recognised in connection with the Husk case. Corresponding costs incurred in connection with this salmonella outbreak were expensed under "Other expenses". In 2021 a repayment of indirect taxes of NOK 27 million and gains of NOK 17 million were recognised in connection with the sale of buildings and property, plant and equipment. In addition, NOK 16 million was recognised in income as a result of an earlier earn-out agreement.

Other expenses
Write-downs totalling NOK 116 million of brands and goodwill were taken in 2022. The biggest write-down, amounting to NOK 64 million, concerns the Harris brand in Orkla House Care UK (Orkla Consumer Investments). The brand was written down because the company has not delivered a satisfactory performance over time despite an upswing during the pandemic. Write-downs were otherwise taken of four smaller brands in Orkla Health (Orkla Care) of a total of NOK 48 million, and a goodwill item in Orchard Valley Australia (Orkla Food Ingredients) of NOK 4 million. In 2022, a write-down of NOK 10 million was also taken on means of production in Orkla Confectionery & Snacks Sverige. See also Note 18.

In the first half of March 2022, Orkla decided to end its ownership of its Russian business Hamé Foods ZAO, which produced long shelf-life food products for the Russian market. As a result of this decision, NOK 118 million was expensed as "Other expenses" related to the write-down of book values in the company and other effects related to the end of Orkla's ownership. No profit has been recognised from the company after the decision to end ownership was taken.

NOK 196 million was incurred in costs related to restructuring and coordination projects in the group in 2022. The biggest projects are the construction of a new biscuit factory in Latvia (Orkla Confectionery & Snacks), and the ongoing project at Orkla Headquarters to establish a new business model with a clearer ownership role at ASA level and more independent portfolio companies in the group. A large restructuring project was commenced in Orkla Foods Česko a Slovensko in the fourth quarter. Work is also in progress on restructuring Orkla Care's legal structure.

Costs totalling NOK 174 million were incurred in connection with the acquisition and integration of companies in 2022. NOK 161 million was expensed correspondingly in 2021.

"Other expenses" in 2021 were significantly affected by write-downs and recognition of costs totalling NOK 123 million related to a project to establish a common ERP platform in the group. Several restructuring projects were carried out in 2021, and a payment in arrears of public taxes totalling NOK 41 million in 2021 was expensed.

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	2022	2021
Interest income	52	30
Interest costs	(379)	(168)
Capitalised interest costs	9	2
Interest costs excl. leases	**(370)**	**(166)**
Interest costs, leases (see Note 21)	(35)	(30)
Total interest costs	**(405)**	**(196)**
Net interest	(353)	(166)

Financial income and financial costs

Amounts in NOK million	2022	2021
Net foreign currency gains	2	2
Other financial income	1	2
Total other financial income	**3**	**4**
Interest pensions incl. hedge[1]	(23)	(24)
Other financial costs	(40)	(33)
Total other financial costs	**(63)**	**(57)**
Total other financial items	**(60)**	**(53)**

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

Reconciliation against cash flow

Amounts in NOK million	2022	2021
Items without cash flow effect:		
Change in provision for accrued interest etc.	40	(10)
Interest pensions excl. hedge	(13)	61
Change in fair value recognised as interest income/interest costs	(8)	(9)
Change in fair value recognised as financial income/financial costs	(10)	5
Total items without cash flow effect; see cash flow statement	**9**	**47**

Note 16 Taxes

Accounting policies

Current tax liabilities and assets are measured at the amount that is expected to be paid to or recovered from the tax authorities. The tax rates and tax rules used to calculate the amounts are those that have been adopted or substantively adopted by the end of the reporting period in the countries in which the group operates and generates taxable income.

Deferred tax liabilities and assets are computed for all temporary differences between the carrying amount of an asset or liability in the consolidated financial statements and their respective tax bases and tax losses carried forward . For the calculation of deferred tax assets and liabilities, the nominal tax rates expected to be applied when the asset is realised or the liability is paid will be used.

Deferred tax assets relating to tax deficits and other tax-reducing 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 and foreign subsidiaries when a dividend is expected to be paid in the foreseeable future.

Deferred tax liabilities for temporary differences associated with investments in subsidiaries and associates are recognised when it is probable that the temporary difference will reverse in the foreseeable future. Deferred tax liabilities or deferred tax assets are not recognised for the initial recognition of goodwill.

Deferred tax liabilities and deferred tax 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.

Tax expense

Amounts in NOK million	2022	2021
Profit/loss before taxes	7 345	6 366
Current tax expense	(2 017)	(1 488)
Change in deferred taxes	(60)	20
Total tax expense	**(2 077)**	**(1 468)**
Tax as % of “Profit/loss before taxes”	28.3%	23.1%
Tax as % of “Profit/loss before taxes” adjusted for associates	32.0%	26.6%

Orkla’s effective tax expense adjusted for associates increased by 5.4 percentage points, from 26.6% in 2021 to 32.0% in 2022. The higher tax rate in 2022 is mainly due to a significant increase in resource rent tax, inclusive the increase in the resource rent tax rate.

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	2022	2021
Norwegian tax rate on profit before taxes	(1 616)	(1 401)
Associates and joint ventures	189	188
Deferred tax on undistributed earnings in associates	(6)	(4)
Foreign operations with tax rates other than the Norwegian tax rate	69	51
Changes in tax laws	4	7
Winding up Orkla Russia	(24)	0
Non-deductible transaction expenses	(19)	(24)
Not taxable gain on sale of companies	7	0
Gradual acquisition of Lofoten Marine Oil / Nói Síríus	6	1
Other non-deductible costs / tax free income	(17)	(5)
Recognised deferred tax assets this year, previously unrecognised	34	8
Unrecognised deferred tax assets	(67)	(18)
Correction previous years' taxes	24	(2)
Reversal of net deferred tax liability	25	0
Economic resource rent tax[2]	(683)	(265)
Other taxes payable	(3)	(4)
The Group's total tax expense	**(2 077)**	**(1 468)**

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 2022.

Orkla's operations in countries with tax rates other than 22% make a net contribution towards reducing total tax expense. In 2022, the effect of this contribution was a net reduction of NOK 69 million in total tax expense, of which the Baltic, Swedish and Finnish subsidiaries accounted for NOK 25 million, NOK 18 million and NOK 11 million, respectively.

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 43 million, of which NOK 6 million was recognised in the income statement in 2022.

The change in unrecognised deferred tax assets totalling NOK 67 million is mainly ascribable to tax deficits in the USA, Iceland, Singapore, Guernsey and the UK. Recognition of previous years' unrecognised deferred tax assets totalling NOK 34 million primarily concerns companies in the Netherlands, Poland, Spain and Finland.

The group operates in the power industry which is subject to a special tax regime in Norway. In 2022, the resource rent tax was as much as NOK 683 million, which means that the group's net resource rent tax accounted for 10.5 percentage points of the effective tax rate, adjusted for associates, of 32.0%.

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.

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[1] Of which NOK 118 million related to the increased resource rent tax rate.

Deferred tax on temporary differences

Amounts in NOK million	2022	2021
Hedging reserve in equity	(3)	(15)
Intangible assets	1 571	1 548
Property, plant and equipment	528	411
Net pension liabilities	(201)	(342)
Accrual funds, gain and loss tax deferral	345	360
Leases	(46)	(43)
Other non-current items	96	162
Total non-current items	**2 290**	**2 081**
Provisions and other current items	(105)	(98)
Tax losses carried forward	(207)	(144)
Net deferred tax liabilities	**1 978**	**1 839**
Deferred tax hydropower tax regime[1]	(7)	(28)
Deferred tax assets, not recognised	184	144
Net deferred tax liabilities	**2 155**	**1 955**
Change in deferred tax liabilities	(200)	(399)
Change in deferred tax hedging reserve taken to comprehensive income	12	49
Change in deferred tax actuarial gains and losses pensions taken to comprehensive income	92	14
Acquisition/sale of companies, reclassification etc.	89	295
Hedging of net investments in foreign operations	(53)	61
Change in deferred tax in the income statement	**(60)**	**20**

Net deferred tax presented in the statement of financial position

Amounts in NOK million	2022	2021
Deferred tax liabilities	2 241	2 084
Deferred tax assets	86	129
Net deferred tax liabilities	**2 155**	**1 955**

Losses carried forward by expiry date

Tax losses carried forward totalling NOK 836 million constitute a deferred tax asset of NOK 202 million, of which NOK 39 million has been recognised. Unrecognised tax losses carried forward amount to NOK 671 million. A total of NOK 533 million of these have no expiry date, NOK 84 million expire from 2029 onwards, NOK 8 million expire in the period 2026–2028 and NOK 46 million expire in the period 2023–2025. Furthermore, non-deductible interest totalling NOK 21 million in Norwegian companies in which Orkla owns 90% or less.

Amounts in NOK million	2022	2021
2022	-	14
2023	46	16
2024	2	14
2025	0	1
2026	5	52
2027	35	18
2028	28	114
2029 or later	61	60
Without expiry date	659	337
Total tax losses carried forward	**836**	**626**

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

Tax-deductible temporary differences with corresponding deferred tax assets

Amounts in NOK million	Tax-deductible temporary differences	Recognised deferred tax assets	Unrecognised deferred tax assets	Total deferred tax assets
Tax losses carried forward:				
USA	221	24	37	61
Spain	182	-	47	47
UK	93	-	24	24
Poland	74	5	9	14
Eastern Europe excl. Poland	23	2	1	3
Iceland	38	-	8	8
The Nordic countries	84	8	9	17
Germany	37	-	12	12
Singapore	31	-	5	5
Netherlands	28	-	6	6
Others	25	-	5	5
Total tax losses carried forward	**836**	**39**	**163**	**202**
Other tax-deductible temporary differences	1 981	395	21	416
Total tax-deductible temporary differences	**2 817**	**434**	**184**	**618**
Netted deferred tax	(1 582)	(348)	0	(348)
Net tax-deductible temporary differences	**1 235**	**86**	**184**	**270**

Deferred tax assets are only capitalised 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, Finnish and Icelandic tax groups have utilised all available tax losses carried forward and were liable to tax in 2022. The UK tax group has utilised substantial tax losses (as much as possible) and have carried the remainder forward.

S Sustainability

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	2022	2021
Norway	1 426	835
Sweden	163	194
Denmark	111	150
Finland and Iceland	108	121
Rest of world	209	188
Total current tax expense	**2 017**	**1 488**

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 shares outstanding 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. Items included in “Other income” and “Other expenses” are disclosed in Note 14. If other items of a special nature arise on the financial statement lines under the company’s operating profit or loss, 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	2022	2021
Profit/loss attributable to owners of the parent	5 019	4 808
Adjustments in earnings per share (adj.) attributable to owners of the parent:		
Other income and expenses after tax	427	349
Adjusted profit/loss attributable to owners of the parent	**5 446**	**5 157**
Average externally owned shares (1,000 shares)	996 876	997 105
Average externally owned shares, diluted (1,000 shares)	996 880	997 105
Earnings per share (NOK)	5.04	4.82
Earnings per share, diluted (NOK)	5.04	4.82
Earnings per share (adj.) (NOK)	5.46	5.17
Earnings per share (adj.), diluted (NOK)	5.46	5.17

Adjustments in earnings per share (adj.)
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. Items included in “Other income” and “Other expenses” are disclosed in Note 14. Effective tax related to these financial statement items is lower than the group’s tax rate in both 2022 and 2021, mainly because a large part of the expensed M&A expenses are not tax-deductible. In 2022, the write-down of the business in Russia had no tax effect, while non-taxable gains increase the tax rate for “Other income” and “Other expenses” slightly. The effective tax rate was 17% for 2022 and 16% for 2021.

If other items of a special nature arise on the financial statement lines under the company’s operating profit or loss, an adjustment will also be made for them. No such adjustments were made in 2022 or 2021.

Dilutive effect
There was a minor dilutive effect related to the option programme as at 31 December 2022. As at 31 December 2021 there was no dilutive effect.

Note 18 Impairment assessments

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 Note 19 and Note 20. 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

Write-downs totalling NOK 147 million were taken in 2022.
The write-downs are broken down as follows between the business areas:

Amounts in NOK million	2022	2021
Orkla Foods Europe	(21)	-
Orkla Confectionery & Snacks	(10)	-
Orkla Care	(48)	-
Orkla Food Ingredients	(4)	-
Orkla Consumer Investments	(64)	(4)
Branded Consumer Goods incl. HQ	**(147)**	**(4)**
Financial Investments	-	(1)
Orkla	**(147)**	**(5)**

Branded Consumer Goods 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. Based on tests in 2022, the Harris brand in House Care UK (Orkla Consumer Investments) was written down by NOK 64 million. Write-downs totalling NOK 48 million were otherwise also taken on four small brands in Orkla Health (Orkla Care), and a goodwill item in Orchard Valley Australia (Orkla Food Ingredients) was written down by NOK 4 million.

In the first half of March 2022, 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" related to the write-down of book values in the company, of which NOK 21 million is a write-down of property, plant and equipment in the company.

In 2022, means of production were written down by NOK 10 million in Orkla Confectionery & Snacks Sverige in "Other expenses".

There were otherwise no indications of any impairment in the value of the group's assets as at 31 December 2022; see also the section on "Sensitivity" in this note.

No material write-downs were taken in 2021.

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 2022 was impacted by Russia's invasion of Ukraine, combined with the aftermath of the pandemic. This has given rise to substantial increases in the costs of important raw materials, energy and other factor inputs. 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.

Accounting policies

Goodwill and intangible assets with an indefinite useful life are not depreciated on a regular basis. These assets are therefore tested at least annually for impairment. At Orkla, impairment testing is carried out in the third quarter. If there are special indications of a reduction in value, impairment testing is carried out more frequently. Cash flows relating to the assets are identified and discounted. Future cash flow is based on specified assumptions (see separate table in this note) and the plans adopted by the unit. If the discounted value of future cash flows is lower than the capitalised value of the unit's capital employed, the assets are written down to the recoverable amount. If the discounted value is higher than the capital employed, this means that the value of the intangible asset or goodwill is recoverable. In cases where the discounted value exceeds the capital employed by less than 20%, a further sensitivity analysis is carried out to check the calculation. Capital employed is defined through the presentation of segments in Note 7. Where relevant, assumptions and estimates are reviewed and the robustness of the investment is measured in relation thereto. Alternatively, the sales value of the asset will be calculated to determine whether it justifies maintaining the carrying value.

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.

Cash-generating units

A cash-generating unit (CGU) is the lowest level at which independent cash flows can be measured. None of the reported segments as at 31 December 2022 constituted a separate CGU.

Orkla Foods and Orkla Confectionery & Snacks have a CGU in each country and are thus tested on a country basis. Orkla Care, on the other hand, consists of branded companies that have operations in several countries. In both Orkla Foods and Orkla Care there are companies that have been part of the group for a long time, and these companies therefore have low or no capitalised intangible assets. Large acquisitions like the purchase of Rieber & Søn Norge in 2013 and Cederroth in 2015 have on the whole been fully integrated into Orkla's existing operations and the excess value associated with the acquisitions is therefore justified by the new aggregated units.

Orkla India has two CGUs: MTR Foods and Eastern Condiments.

Orkla Food Ingredients consists of many different bakery and ice cream ingredient units, which mainly constitute separate CGUs. These are tested individually and a total of 20 tests were carried out.

Orkla Consumer Investments consists of Orkla House Care, Lilleborg, Pierre Robert, Kotipizza, New York Pizza and Da Grasso. Lilleborg, Kotipizza and New York Pizza constitute separate CGUs. Da Grasso, the acquisition of which was completed in December 2022, will be a separate CGU for impairment testing in 2023. In the case of Pierre Robert, Norway and Finland are separate CGUs. In Orkla House Care, the businesses in the UK, the Benelux countries and Norway are independent units that are tested on an individual basis.

The segments are disclosed in Note 7 and an overview of book goodwill and trademarks in the largest CGUs in each business area is presented in a separate table in this note.

Trademarks

In the case of trademarks, a new organisational structure will normally not change assumptions underlying the measurement of the strength of the various trademarks. The trademarks continue to exist in the new organisation. The value of a trademark will be dynamic and new products launched under a given trademark will help to maintain its value.

Assumptions

The Branded Consumer Goods business is basically relatively stable in the face of market fluctuations. 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 next 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 6.3% after tax (5.5% in 2021), 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 8.1% (7.0% in 2021). 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 biggest trademark and goodwill items are related to businesses that are developing well. A comparison of the book value of capital employed in Branded Consumer Goods with an average sum-of-the-parts (SOTP) value based on analysts' valuation of the corresponding area shows substantial excess value. The excess value varies from one business area to another, but all five Branded Consumer Goods business areas show that the SOTP value is clearly higher than the respective carrying values.

There may be uncertainty attached to trademarks and goodwill items in recently acquired companies. Plans and anticipated growth for such companies are based on developments in markets relatively new for the group. Based on the assumptions and expectations applied in both the acquisition cases and future plans, however, these businesses justify their capitalised value.

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 2022. This was updated in another review as at 31 December 2022. In the impairment test carried out as at 31 December 2022, a decline from 1.5% to 1.0% growth in the terminal value for Orkla Confectionery & Snacks Latvia will result in a write-down of under NOK 40 million, while an increase in WACC before tax of 0.5 percentage points will result in a write-down of approx. NOK 55 million. A fall of 1 percentage point in the terminal value for the EBIT (adj.) margin will result in a write-down of approx. NOK 100 million. This picture can quickly change as it depends on the company's expected future profit performance. The company was negatively impacted by the coronavirus pandemic, but showed improvement in the fourth quarter of 2022.

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 in Orkla's business areas are shown in tables on the following pages.

Future risk of changes in operating parameters

The global challenges posed by climate change, resource scarcity, nutrition and health affect Orkla's activities in the form of a risk of changes in raw material availability, costs, consumer preferences and political framework conditions. The group monitors developments closely through active dialogue with stakeholders and ongoing assessments. The challenges related to climate change and raw material scarcity entail a risk of higher raw material costs, reduced availability of some raw materials and breaches of Orkla's Supplier Code of Conduct. This risk is mitigated through close monitoring of suppliers, build-up of inventory in selected areas, improved resource efficiency and approval of use of alternative raw materials.

Climate changes can cause floods, earthquakes and other natural disasters, and there is considered to be risk related to whether Orkla's factories are located in exposed areas. Orkla makes assessments of both new and existing locations and the extent of their exposure to natural disasters. The risk is considered to be low.

However, these factors could affect the future development of Orkla businesses. Expected developments related to these factors are therefore elements taken into consideration both when assessing indicators of a need for a write-down and when testing for impairment.

Climate risk for the various business areas in the Branded Consumer Goods business is disclosed in the tables in the following pages. The tables show the specific risks related to each business area.

At the end of 2022, 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 (OF)

		Goodwill		Trademarks	
Amounts in NOK million	Units	2022	2021	2022	2021
Units in segment	OF Norway	3 545	3 545	1 260	1 260
	OF Sweden	1 497	1 537	392	394
	OF Denmark	442	420	63	59
	OF Finland	174	166	2	2
	OF Baltics	60	57	48	46
	OF Central Europe	671	618	551	508
	Total	**6 389**	**6 343**	**2 316**	**2 269**
			2022		2021
	Total capital employed 31 December		16 417		14 740
	EBIT (adj.)		1 973		2 243
Factors that affect the discount rate	Operates largely in the Nordic and Baltic markets as well as Austria, Czech Republic, Slovakia and Hungary. Industry risk is regarded as low and budgets are prepared in local currency.				
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 war in Ukraine have resulted in higher-than-normal risk of increased raw material, packaging and energy prices.				
Production sites	Production is carried out in the Nordics, Baltics, Austria, Czech Republic and Slovakia.				
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	Climate risk can impact the business in the same way as all other food-producing companies. Anticipated rises in temperatures and associated extreme weather phenomena in the coming years will affect agricultural productivity. This can lead to local and global imbalances in raw material markets. The situation is monitored continuously both centrally and locally.				
Terminal value	Growth 1.5%.				

Key assumptions for estimating future performance

Orkla India

		Goodwill		Trademarks	
Amounts in NOK million	Units	2022	2021	2022	2021
Units in segment	MTR Foods	292	291	109	109
	Eastern Condiments	1 002	996	683	680
	Total	**1 294**	**1 287**	**792**	**789**
			2022		2021
	Total capital employed 31 December		2 528		2 517
	EBIT (adj.)		303		228
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 low and budgets are in local currency.				
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 and metal packaging.				
Production sites	MTR Foods has three factories in two different states in India (in addition to using third-party production which accounts for 11% 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 with general inflation and pricing measures.				
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 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 that to varying degrees is vulnerable to flooding, heatwaves, 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.				
Terminal value	Growth 5.5%.				

Key assumptions for estimating future performance

Orkla Confectionery & Snacks (OC&S)

		Goodwill		Trademarks	
Amounts in NOK million	Units	2022	2021	2022	2021
Units in segment	OC&S Norway	534	534	201	201
	OC&S Sweden	819	844	372	384
	OC&S Denmark	627	594	430	409
	OC&S Finland	622	591	769	730
	OC&S Iceland	109	107	60	58
	OC&S Latvia	500	475	222	211
	OC&S Estonia	-	-	58	55
	Total	**3 211**	**3 145**	**2 112**	**2 048**
			2022		2021
	Total capital employed 31 December		8 690		7 639
	EBIT (adj.)		989		1 113

Factors that affect the discount rate	Operates mainly in the Nordic and Baltic markets; low industry risk; budgets are in local currency.
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 supplier of confectionery, biscuits, snacks and crispbread, OC&S has high consumption of raw materials such as sugar, potatoes, nuts, cocoa, flour and vegetable oils, and is thus exposed to potential climate risks. Climate-related risks will impact on raw material prices in future. Risk related to natural disasters is regarded as low and is dealt with in an emergency preparedness plan for each factory. 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). Costs related to such initiatives are included in the price, and at present climate risk is not considered to entail a material financial risk for the businesses in OC&S.
Terminal value	Growth 1.5%.

Key assumptions for estimating future performance

Orkla Care

		Goodwill		Trademarks	
Amounts in NOK million	Units	2022	2021	2022	2021
Units in segment	Orkla Home & Personal Care	1 422	1 430	308	324
	Orkla Health	2 048	1 368	703	543
	NutraQ	2 675	2 692	400	400
	Orkla Wound Care	289	293	114	116
	HSNG	275	284	115	118
	Total	**6 709**	**6 067**	**1 640**	**1 501**
			2022		2021
	Total capital employed 31 December		10 964		9 269
	EBIT (adj.)		898		1 066
Factors that affect the discount rate	Operates primarily in the Nordic markets and the UK, Baltics, Poland and Spain; low industry risk; budgets in local currency.				
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	Own production mainly in the Nordics and Malaysia for the part of Jordan included in Orkla Home & Personal Care (OHPC). Orkla Health has its own production in Norway and Denmark. Wound care products are manufactured in Spain and Norway. In addition, Orkla Health, NutraQ, OHPC and HSNG 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 and inflation expected at start of 2023.				
Customisation and ability to develop products in collaboration with customers	Orkla Care tracks consumer trends – growth is expected in existing segments.				
Economic conditions and market outlook	Orkla Care 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	Climate risk arising from extreme weather is deemed to be a moderate risk since production plants are largely located in the Nordic region. Cod liver oil is one of the biggest products in the health category, and seasonal fishing can be affected by major climate changes and scarcity. Orkla Health reduces risk by taking control upstream in the value chain to secure supply. Risk related to political factors such as higher taxes on greenhouse gas emissions is mitigated through Orkla's long-term, systematic climate work, including focus on reducing emissions. At present, climate risk is not deemed to pose a material economic risk for the Orkla Care businesses.				
Terminal value	Growth 1.5%.				

Key assumptions for estimating future performance

Orkla Food Ingredients (OFI)

		Goodwill		Trademarks	
Amounts in NOK million	Units	2022	2021	2022	2021
Units in segment	Bakery Nordic countries	867	861	-	-
	Bakery Europe (excl. Nordic)	480	458	-	-
	Sweet Ingredients	2 420	925	-	-
	Plant based	223	207	5	4
	Total	**3 990**	**2 451**	**5**	**4**

	2022	2021
Total capital employed 31 December	9 262	6 352
EBIT (adj.)	853	646

Factors that affect the discount rate	Operates in 23 countries, primarily in Europe, and a recently acquired business in the USA; moderate industry risk; budgets in local currency.
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 Scandinavia, but also in the Netherlands, Poland, the UK, Romania and at some small manufacturing units in Central and Eastern Europe. A manufacturing company 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 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 recent 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 virtually normal activity for large parts of 2022. Demand is expected to be safe to some extent 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 future 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	As a supplier of food ingredients, OFI has high consumption of raw materials such as grains, sugar and oils, and is thus exposed to potential climate risks. OFI tracks potential risks and seeks to reduce risk by being a local partner with access to a broad and diversified group of suppliers throughout the OFI network. OFI does not expect the risk of climate change to have a significant negative impact on its competitive position in the market in the next 3-5 years.
Terminal value	Growth 1.5%.

Key assumptions for estimating future performance

Orkla Consumer Investments (OCI)

		Goodwill		Trademarks	
Amounts in NOK million	Units	2022	2021	2022	2021
Units in segment	Pierre Robert Group[1]	41	39	18	17
	Lilleborg	18	18	-	-
	Orkla House Care	519	505	90	156
	Kotipizza	1 249	1 187	449	427
	New York Pizza	1 166	1 106	219	208
	Da Grasso[2]	168	-	45	-
	Total	**3 161**	**2 855**	**821**	**808**
			2022		2021
	Total capital employed 31 December		5 562		4 750
	EBIT (adj.)		383		498
Factors that affect the discount rate	Operates primarily in the Nordic markets and the UK and Benelux; low industry risk; budgets in local currency.				
Raw material price estimates are based on the market situation at time of calculation	Key raw materials: plastic packaging, plastic components, chemicals, cardboard and paper-based packaging, wool and cotton, pizza crusts and pizza toppings.				
Production sites	Own production mainly in the Nordics, UK and China for Orkla House Care. Pierre Robert Group mainly buys its production from Italy and Asia. Lilleborg primarily buys goods for resale from Europe, in addition to products manufactured by OHPC in Norway. Kotipizza, New York Pizza and Da Grasso are primarily a franchisor of pizza concepts and wholesaler to their franchise network and selected external customers. New York Pizza also manufactures pizza dough for its own operations and external customers.				
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. All companies in OCI have seen significant inflation in both raw material prices and energy costs that is compensated for through price increases. For the restaurant operations, gross profit is primarily driven by sales from restaurants, and innovation and operational efficiency.				
Customisation and ability to develop products in collaboration with customers	OCI tracks consumer trends – growth is expected in existing segments.				
Economic conditions and market outlook	OCI is generally relatively little affected by market trends. However, high inflation and anticipated lower purchasing power in most markets are expected to reduce demand for several companies in the short term.				
Climate risk	OCI operates in several industries. For Pierre Robert which uses raw materials like wool and cotton, natural disasters can reduce availability of these raw materials. This can result in higher prices and a need to develop products based on other materials or to make other changes in the portfolio. All these factors will put pressure on margins. The same will apply to the units in Orkla House Care and Lilleborg, which manufacture painting tools and household cleaning products, and which are also exposed to climate risk throughout their value chain. In the Out of Home business, which produces and sells pizza, dependence on raw material availability also exposes it to climate risk. OCI does not expect the risk of climate change to have a significant negative impact on OCI's competitive position in the market in the next 3–5 years.				
Terminal value	Growth 0–2.5%.				

[1] Carried goodwill and trademarks are mainly related to Pierre Robert Group in Finland.

[2] The statement of financial position has been consolidated into the financial statements as at 31 December 2022.

Note 19 Intangible assets

Ⓟ Accounting policies

Research and development (R&D) expenditure is the expenses incurred by the group in conducting research and development, studies of existing or new products, production processes, etc. in order to secure future earnings. 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 means that no projects end in capitalisation. At the same time, the expenses that qualify for recognition in the statement of financial position are relatively small.

Expenditure on internally generated or customised IT systems is capitalised and presented as intangible assets.

Expenditure related to internally generated trademarks, etc. (marketing) is expensed directly and will never be capitalised. This is because the future economic benefits to the company cannot be identified and shown to be probable with any degree of certainty at the time the trademark is launched.

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 depreciated. An indefinite useful life means that it is impossible on the statement of financial position date to estimate the period during which assets will be available for use. Other identified trademarks will be depreciated over their anticipated useful life, which is normally 5–10 years. Other intangible assets will be depreciated over their useful life. Thus only trademarks purchased directly or indirectly through the acquisition of companies that are capitalised in the consolidated financial statements, not internally generated trademarks.

Goodwill is the residual value consisting of the difference between the purchase price and the capitalised value of an acquired company. The concept of goodwill comprises payment for synergy gains, assets related to employees, other intangible assets that do not qualify for capitalisation as a separate item, future superprofit and the fact that deferred tax cannot be discounted. Capitalised goodwill derives solely from acquisitions; see Note 18.

Ⓔ 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.

Ⓢ Sustainability

Orkla expensed NOK 314 million for research and development in 2022 (NOK 305 million in 2021). This covers internal and external costs related to product development, and includes measures to reduce salt, sugar and saturated fat in foods, develop healthy products, develop new packaging solutions based on renewable, recycled materials, and use new raw materials that promote sustainable consumption.

Investments totalling NOK 107 million were made in IT systems in 2022, mainly consisting of investments in ERP systems in the group.

In 2021, expenses were recognised in connection with a common ERP project in the group; see Note 14.

Intangible assets

Amounts in NOK million	Trademarks, not depreciable	Trademarks, depreciable	Other intangible assets	IT	Goodwill	Total
Book value 1 January 2021	6 226	8	135	475	17 365	24 209
Investments	-	1	22	70	-	93
Reclassifications	2	-	-	514	(2)	514[1]
Acquisitions of companies[2]	1 371	-	-	27	5 323	6 721
Depreciation	-	(1)	(13)	(157)	-	(171)
Write-downs	-	-	(5)	(11)	-	(16)
Translation differences	(181)	-	(5)	(10)	(600)	(796)
Book value 31 December 2021	**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**
Initial cost 1 January 2022	7 578	149	987	2 004	24 789	35 507
Accumulated depreciation and write-downs	(160)	(141)	(853)	(1 096)	(2 703)	(4 953)
Book value 1 January 2022	**7 418**	**8**	**134**	**908**	**22 086**	**30 554**
Initial cost 31 December 2022	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 31 December 2022	**7 686**	**9**	**222**	**1 014**	**24 693**	**33 624**
Depreciation	-	10–20%	10–20%	10–33%	-	-

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[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 tangible items intended for production, delivery of goods or administrative purposes and have a lasting useful life. They are recognised in the statement of financial position at cost minus any accumulated depreciation and write-downs. Routine maintenance of assets is expensed under operating expenses while major periodical maintenance and expenditure on replacements or improvements are added to the cost price of the assets. Property, plant and equipment with an indefinite useful life (land, etc.) are not depreciated, while other property, plant and equipment are depreciated on a straight-line basis over their useful life. Residual value is taken into account (especially in connection with properties), and the depreciation plan is reviewed annually. If there is any indication that the value of an asset may be impaired, the asset will be written down to the recoverable amount if the recoverable amount is lower than the carrying value.

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 recognised in the statement of financial position; see Note 15.

Ⓔ 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. Especially in a situation where the group is planning major changes in its manufacturing structure and number of production sites, there will be extra focus on assessments made of different production facilities. The various production sites are routinely assessed based on a going concern approach, but in a situation where a change in organisational structure could mean that some plants will be closed or reorganised, these assessments will have to be changed on an ongoing basis and could lead to the identification of both excess value and deficit value. Routine assessments are also made of whether climate risk could have significance for the useful life of the group's property, plant and equipment. As at 31 December 2022, it was deemed that climate risk will not affect the useful life of any of the group's property, plant or equipment.

Investments totalling NOK 2.7 billion were made in property, plant and equipment in 2022. 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 Care.

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

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 2021	7 302	5 145	1 943	593	14 983
Investments	142	592	1 705	137	2 576
Disposals/scrapping	(7)	(67)	-	(5)	(79)
Acquisition of companies	231	206	9	77	523
Transferred assets under construction/reclassifications	160	503	(1 570)	393	(514)[1]
Write-downs	(5)	(3)	-	(1)	(9)
Depreciation	(330)	(823)	-	(245)	(1 398)
Translation differences	(103)	(160)	(56)	(29)	(348)
Book value 31 December 2021	**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	723	764	(1 759)	94	(178)[1]
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**
Initial cost 1 January 2022	13 001	17 460	2 031	3 072	35 564
Accumulated depreciation and write-downs	(5 611)	(12 067)	-	(2 152)	(19 830)
Book value 1 January 2022	**7 390**	**5 393**	**2 031**	**920**	**15 734**
Initial cost 31 December 2022	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 31 December 2022	**8 207**	**5 967**	**2 262**	**923**	**17 359**
Linear depreciation	2–4%	5–15%	-	15–25% IT-equipment: 16–33%	

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[1] NOK -178 million (NOK 514 million in 2021) 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 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 the group. Short-term leases of 12 months or less and leases of low value assets are not capitalised. For these leases, lease payments are recognised in the income statement directly as “Other operating expenses”.

Upon entering into a contract, the lease liabilities are measured at the present value of all future lease payments. Lease payments include fixed payments and any payments varying according to an index or an interest rate, but not variable lease payments depending on the use of the asset. Lease payments also include residual value guarantees, purchase options and any termination expenses. The lease liability is reduced by ongoing instalments. The discount rate is the implicit interest rate in the lease, provided this is available. If this cannot be obtained, the lessee’s marginal borrowing interest rate shall be used as the basis. Lease liabilities are classified like other interest-bearing liabilities in the statement of financial position. The interest effect of the discounting is presented as interest expense.

Right-of-use assets are capitalised at the equivalent of the estimated lease liability upon entry into the lease contract. Right-of-use assets are depreciated on a straight-line basis over the lease period and assessed to determine whether a write-down is necessary if there is any indication of a value impairment. The assets are included in non-current assets in the statement of financial position.

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 “Non-current assets” 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 184 million of the recognised right-of-use assets in the group as at 31 December 2022 (NOK 183 million in 2021). 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 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 677 sales outlets related to Orkla Consumer Investments' pizza operations, and the associated capitalised amount is NOK 625 million. If an extra optional period for all these restaurant premises is taken into account, the capitalised amount will increase by over 60–80%.

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 2022 or 2021.

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 2022 was 2.0% (1.9% in 2021). The interest rate applied in new, amended agreements will be higher since the interest rate level increased during 2022.

Ⓔ 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. The assessment of whether an agreement is to be regarded as a lease or service agreement will also have significant consequences for the accounting treatment of the leases.

Undiscounted lease liabilities and maturity of cash outflows

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 2021	525	365	221	180	1 291
Investments	278	110	103	123	614
Acquisition of companies	353	-	-	3	356
Reclassifications/transferred from assets under construction	-	-	-	-	-
Depreciation	(222)	(73)	(94)	(109)	(498)
Translation differences	(26)	(4)	(3)	(6)	(39)
Book value 31 December 2021	**908**	**398**	**227**	**191**	**1 724**
Investments	364	5	82	97	548
Acquisition of companies	4	-	-	-	4
Reclassifications/transferred from assets under construction	(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**
Initial cost 1 January 2022	2 373	884	500	854	4 611
Accumulated depreciation and write-downs	(1 465)	(486)	(273)	(663)	(2 887)
Book value 1 January 2022	**908**	**398**	**227**	**191**	**1 724**
Initial cost 31 December 2022	2 771	905	582	955	5 213
Accumulated depreciation and write-downs	(1 748)	(554)	(363)	(769)	(3 434)
Book value 31 December 2022	**1 023**	**351**	**219**	**186**	**1 779**

Movement in lease liabilities

Amounts in NOK million	2022	2021
At initial application 1 January	1 924	1 487
New/changed lease liabilities recognised in the period	541	614
Lease liabilities acquired companies	5	372
Lease payments	(570)	(543)
Interest expense on lease liabilities	35	30
Index adjustments	-	3
Translation differences	36	(39)
Total lease liabilities 31 December	**1 971**	**1 924**
Current lease liabilities	442	408
Non-current lease liabilities	1 529	1 516
Net cash flow from lease liabilities	570	543

Current leases and low-value leases

Amounts in NOK million	2022	2021
Lease payments - short-term and low value leases	(96)	(83)
Variable lease payments	(36)	(19)
Total lease expenses (other operating expenses)	**(132)**	**(102)**

Rental agreements

The group also rents out real estate under operating leases. Rental revenues in 2022 totalled NOK 32 million. Total future rental revenues are expected to amount to NOK 20 million per year in the next few years.

Note 22 Other financial assets (non-current)

Accounting policies

Other assets are classified as non-current when they are not part of a normal operating cycle and are not held for trading purposes or the entity has an unconditional right to defer payment for at least 12 months. Other receivables are current.

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. Any dividend is recognised in the income statement when it has been approved by the company paying out the dividend, which mainly coincides with the date of payment. Purchases and sales of shares are recognised on the trade date. This applies both to shares classified as non-current shares in this note and to current shares in Note 24.

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

Amounts in NOK million	2022	2021
Share investments	263	206
Receivables interest-bearing	396	395
Receivables non-interest-bearing	8	7
Pension plan assets	36	39
Total other financial assets (non-current)	**703**	**647**

Receivables are recognised at fair value in accordance with Level 3 valuation, and derivatives according to Level 2 valuation; see the measurement hierarchy in Note 31.

Note 23 Inventories

Inventories

Amounts in NOK million	2022	2021
Raw materials	3 649	2 578
Work in progress	457	364
Finished goods and merchandise	5 905	4 372
Total inventories Branded Consumer Goods	**10 011**	**7 314**
Development property	348	220
Total inventories	**10 359**	**7 534**

Breakdown of inventories relating to Branded Consumer Goods

Amounts in NOK million	2022	2021
Orkla Foods Europe	3 880	2 838
Orkla India	265	257
Orkla Confectionery & Snacks	932	708
Orkla Care	1 745	1 338
Orkla Food Ingredients	2 383	1 533
Orkla Consumer Investments	806	640
Branded Consumer Goods	**10 011**	**7 314**

P Accounting policies

Inventories are valued at the lower of acquisition cost and net realisable value for the entire Orkla group. Purchased goods are valued at cost 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. The net realisable value is the estimated selling price minus selling costs. 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 2022 of NOK 83 million (NOK 64 million in 2021). Inventories valued at net realisable value as at 31 December 2022 totalled NOK 43 million (NOK 52 million in 2021).

Development property

Development properties are included in the group's inventories (see table "Inventories"). The properties are mainly housing projects under development/construction 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.

Note 24 Receivables and financial assets (current)

Accounts receivable and other trade receivables

Amounts in NOK million	2022	2021
Accounts receivable (A - B)	7 484	6 337
Other trade receivables	222	189
Non-interest-bearing derivatives	3	2
Total trade receivables	**7 709**	**6 528**

Breakdown of accounts receivable by due date

Amounts in NOK million	2022	2021
Accounts receivable not due	6 520	5 611
Overdue receivables 1–30 days	629	518
Overdue receivables 31–60 days	186	134
Overdue receivables 61–90 days	79	42
Overdue receivables over 90 days	220	162
Accounts receivable carrying amount 31 December (A)	**7 634**	**6 467**

Change in provisions for bad debts

Amounts in NOK million	2022	2021
Provisions for bad debts 1 January	130	134
Bad debts recognised as expense	59	14
Provisions in acquired companies	4	1
Provisions in sold companies	0	(1)
Final bad debts	(39)	(11)
Translation differences	(4)	(7)
Provisions for bad debts 31 December (B)	**150**	**130**

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 are made for anticipated losses on receivables based on relevant information available at the time of reporting, including historical, current and future information in accordance with an expected loss model. The provision will have to be based on objective criteria. If an invoice is not paid, this will be a clear indication of an increased risk of default.

The principle for assessment of financial investments is disclosed in Note 22. Derivatives are 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.

Derivatives are recognised at fair value in accordance with Level 2 valuation and financial assets according to Level 3 valuation; see the measurement hierarchy in Note 31.

Receivables and financial assets (current)

Amounts in NOK million	2022	2021
Non-interest-bearing derivatives	19	14
Interest-bearing derivatives	-	43
Interest-bearing receivables	16	11
Other current receivables	572	470
Total financial receivables and investments	607	538
Advance payment to suppliers/accrued revenue	609	597
Tax receivables	180	120
Total current receivables and financial investments	**1 396**	**1 255**

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. Restricted deposits are assets that only to a limited degree are available to the rest of the group.

Cash and cash equivalents are held for the purpose of meeting short-term fluctuations in liquidity rather than for investment purposes. For Orkla, the level of the group's net interest-bearing liabilities is a more important management parameter than the level of cash and cash equivalents.

Amounts in NOK million	2022	2021
Cash at bank and in hand[1]	718	716
Current deposits	462	201
Restricted deposits	322	210
Total cash and cash equivalents	**1 502**	**1 127**

[1] Of "Cash at bank and in hand" as at 31 December 2022, a total of NOK 183 million (NOK 135 million in 2021) is in Orkla companies with minority shareholders and in Orkla Insurance Company. These assets are only available to a limited extent to the rest of the group.

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

Note 26 Provisions and other non-current liabilities

P Accounting policies

Provisions are recognised in the financial statements for matters such as disputes, potential lossmaking contracts and adopted restructuring measures. The provisions will not cover possible future operating losses. In the case of restructuring provisions, there must be a detailed plan that identifies which parts of the business are to be restructured, and a valid expectation must have been created among those concerned that the restructuring will be carried out. In addition, it must be possible to provide a reliable estimate of the amount of the liability. It is a condition that the restructuring materially changes the size of the business or the way in which it is operated. The provision is 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 risks specific to the provision.

Contingent liabilities and contingent assets are a possible obligation or a possible asset whose existence is uncertain and will be confirmed by the occurrence or non-occurrence of a future special event, such as the outcome of legal proceedings or the final settlement of an insurance claim. Contingent liabilities are recognised in the financial statements based on estimated outcome if there is a more than 50% probability that the liability has arisen. If the probability is lower, the matter is disclosed in notes to the financial statements if material and unless the probability of disbursement is very small. An asset will only be recognised in the statement of financial position if it is highly probable (95%) that the group will receive the asset. The disclosure requirement applies to other contingent assets; see Note 37 for further information.

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

E 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.

Provisions and other non-current liabilities

Amounts in NOK million	2022	2021
Pension liabilities	1 868	2 447
Derivatives[1]	32	72
Other non-current liabilities	245	175
Provisions for obligations	500	481
Total provisions and other non-current liabilities	**2 645**	**3 175**

[1] Interest rate cash flow hedges: To hedge future interest payments (not included in the statement of financial position).

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

Breakdown of provisions for obligations:

Amounts in NOK million	Branded Consumer Goods	Other business	Total
Provisions 1 January 2021	121	386	507
New provisions	28	-	28
Acquisitions of companies	20	-	20
Provisions utilised or reclassified to short-term	(56)	(14)	(70)
Translation differences	(4)	-	(4)
Provisions 31 December 2021	**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**

Branded Consumer Goods
Provisions for liabilities in Branded Consumer Goods mainly concern commitments to restructuring and minor personnel-related provisions.

Other businesses
As regards “Other business”, provisions for liabilities 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 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

Accounting policies

A non-interest-bearing liability is classified as current when it is part of a normal operating cycle, is held for trading purposes and falls due within 12 months. Other liabilities are non-current.

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	2022	2021
Accounts payable	6 253	5 561
Other trade payables[1]	1 881	1 725
Total trade payables	**8 134**	**7 286**

[1] Incl. discount provisions of NOK 1,637 million as at 31 December 2022 (NOK 1,539 million in 2021); see Note 4.

Other liabilities (current)

Amounts in NOK million	2022	2021
Non-interest-bearing derivatives	14	2
Non-interest-bearing current liabilities	192	135
Total financial liabilities non-interest-bearing	**206**	**137**
Value added tax, employee taxes	1 088	954
Accrued wages and holiday pay	1 123	1 140
Other accrued costs	1 309	1 113
Total other liabilities (current)	**3 726**	**3 344**

Note 28 Capital management and funding

Capital management

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.

When allocating capital for acquisitions and other investments, a rate of required return on capital is applied, adjusted for project-specific risk. Capital usage and allocation are subject to formalised authorisation limits, and decision processes at applicable levels. External borrowing is centralised at the parent company level, and capital needs in subsidiaries are mainly covered by internal loans, or equity. The capital structure of subsidiaries is adapted to commercial as well as legal and tax considerations. The short-term liquidity need of group companies is managed at group level through cash pools. Internal loans to partly owned subsidiaries are provided subject to a separate evaluation, or external funding is established.

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. The same rating has been assigned for Orkla's bonds (Senior unsecured rating). Orkla aims to ensure that net interest-bearing liabilities do not exceed 2.5 x EBITDA over time. There were no changes in Orkla's approach and objectives regarding capital management during 2022.

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

Amounts in NOK million	2022	2021
Non-current interest-bearing liabilities	(13 446)	(9 215)
Current interest-bearing liabilities	(3 685)	(3 195)
Non-current interest-bearing receivables	396	395
Current interest-bearing receivables	16	54
Cash and cash equivalents	1 502	1 127
Net interest-bearing liabilities, excl. leases	(15 217)	(10 834)
Lease liabilities	(1 971)	(1 924)
Net interest-bearing liabilities	(17 188)	(12 758)
Group equity[1]	43 156	39 351
Net gearing (net interest-bearing liabilities/equity)	0.40	0.32

[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 4.4 billion in 2022, affected by acquisitions totalling NOK 3.1 billion, in addition to ordinary cash-flows, tax and dividend payment.

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 2022.

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

2022

Amounts in NOK million	Interest-bearing assets	Interest-bearing liabilities	Net interest-bearing liabilities
Balance 1 January 2021	1 576	(14 334)	(12 758)
Balance 31 December 2021	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 acitivites in cash flow statement	**39**	**3 624**	**3 663**

2021

Amounts in NOK million	Interest-bearing assets	Interest-bearing liabilities	Net interest-bearing liabilities
Balance 1 January 2021	3 643	(10 023)	(6 380)
Balance 31 December 2021	1 576	(14 334)	(12 758)
Change net interest-bearing liabilities	**2 067**	**4 311**	**6 378**
Of this change cash and cash equivalents	(2 086)	-	(2 086)
Change net interest-bearing liabilities excluding cash and cash equivalents	**(19)**	**4 311**	**4 292**
Items without cash effect:			
Interest-bearing items from acquired and sold companies	0	(1 219)	(1 219)
Interest-bearing liabilities new leases	-	(614)	(614)
Currency effects interest-bearing items	(4)	644	640
Net cash flow from financing activities in cash flow statement	**(23)**	**3 122**	**3 099**

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 credit facilities 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 2022 NOK 2,421 million was drawn on these credit facilities (NOK 538 million as at 31 December 2021).

Orkla's main funding sources are bilateral loans from Orkla's relationship banks and loans in the Norwegian bond market. The 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 2022 Orkla repaid loans, and cancelled loan agreements with credit limits totalling NOK 3.2 billion. New long-term loan agreements totalling NOK 5.1 billion were established, and new loans totalling NOK 1.75 billion were raised through the sale of bonds from own holding. The remaining time to maturity of NOK 2.2 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.

S Sustainability

Sustainability has become an integral part of Orkla's business model. Focus on responsible business operations and effective management of sustainability-related risk is an integral part of the group's investment assessments. Orkla's sustainability goals and commercially attractive, sustainable business opportunities result in investments in product development and process improvements, and in some cases acquisitions of new businesses. Sustainability-related investments are assessed on the basis of Orkla's criteria for return on investment and risk management. A green bond framework for funding of qualifying investments has been established.

Note 29 Interest-bearing liabilities

	Book value		Fair value[1]					
Amounts in NOK million	2022	2021	2022	2021	Currency	Notional in ccy[2]	Coupon[3]	Term
Non-current interest-bearing liabilities								
Bonds								
ORK 80 (10694680)	881	914	885	929	NOK	1 000	Fixed 4.35%	2013/2024
ORK 82 (11731730)	-	724	-	724	NOK	1 500	Nibor +0.69%	2015/2022
ORK 83 (11774383)	675	675	675	680	NOK	1 000	Nibor +0.85%	2016/2023
ORK 84 (11774391)	939	984	934	999	NOK	1 000	Fixed 2.35%	2016/2026
ORK 87 (11095499)	1 494	1 000	1 467	1 000	NOK	1 500	Nibor +0.62%	2021/2027
ORK 85 (11013708)	1 000	1 000	970	996	NOK	1 500	Nibor +0.62%	2021/2028
ORK 88 (11095507)	1 329	243	1 317	244	NOK	1 500	Fixed 2.20%	2021/2029
ORK 86 (11013716)	444	490	427	492	NOK	1 500	Fixed 2.44%	2021/2031
Other bonds	87	59	87	59				
Total bonds	**6 849**	**6 089**	**6 762**	**6 123**				
Of this current liabilities	(679)	(728)	(679)	(728)				
Bank loans	6 949	3 739	6 949	3 739				
Other loans	29	100	29	100				
Lease liabilities	1 529	1 516	1 529	1 516				
Interest-bearing derivatives	298	15	298	15				
Total non-current interest-bearing liabilities	**14 975**	**10 731**	**14 888**	**10 765**				
Current interest-bearing liabilities								
Bonds, maturity < 1 year	679	728	679	728				
Bank loans, overdrafts	468	712	468	712				
Commercial paper	2 500	1 750	2 500	1 750				
Other loans	4	5	4	5				
Lease liabilities	443	408	443	408				
Interest-bearing derivatives	33	-	33	-				
Total current interest-bearing liabilities	**4 127**	**3 603**	**4 127**	**3 603**				
Total interest-bearing liabilities	**19 102**	**14 334**	**19 015**	**14 368**				

[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	2022	2021	2022	2021
Maturity < 1 year	4 127	3 701	-	691
Maturity 1–3 years	4 382	3 106	2 197	2 733
Maturity 3–5 years	4 538	2 790	4 871	3 796
Maturity > 5 years	6 055	4 737	-	-
	19 102	14 334	7 068	7 220

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 2022 the average remaining time to maturity of the group's combined interest-bearing liabilities (excluding lease liabilities) and unutilised credit facilities was 3.6 years, compared with 3.5 years as at 31 December 2021.

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 within each business area, 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 business areas, 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 operational entities. 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 within the business areas of the group, 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.

Branded Consumer Goods

Entities within this area 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 as described in (I) "Organisation of financial risk management". 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 2022 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	8	NOK	82	2023
EUR	5	SEK	56	2023
EUR	3	USD	3	2023
EUR	4	GBP	3	2023
CHF	4	NOK	40	2023
USD	4	DKK	28	2023

[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 2022 all of the group's interest-bearing liabilities (excluding lease liabilities) were at floating interest rates (96% as of 31 December 2021) , and the average time to the next interest rate adjustment was 0.1 years (0.4 years as at 31 December 2021). 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

							2022							2021
							Next interest rate adjustment							Next interest rate adjustment
Amounts in NOK million	2022	0–3 months	3–6 months	6–12 months	1–3 years	3–5 years	> 5 years	2021	0–3 months	3–6 months	6–12 months	1–3 years	3–5 years	> 5 years
Bonds	**6 850**	3 257	-	-	881	939	1 773	6 089	3 403	55	-	914	984	733
Bank loans	**7 197**	6 853	344	-	-	-	-	4 078	4 016	62	-	-	-	-
Commercial paper	**2 500**	1 000	1 500	-	-	-	-	1 750	1 750	-	-	-	-	-
Overdrafts	**220**	220	-	-	-	-	-	373	373	-	-	-	-	-
Other loans	**33**	4	29	-	-	-	-	105	5	100	-	-	-	-
Interest rate swaps (fair value hedge)	**292**	3 635	250	-	(881)	(939)	(1 773)	4	2 386	250	-	(914)	(985)	(733)
Interest rate swaps (cash flow hedge)	**0**	-	-	-	-	-	-	0	(449)	-	-	-	-	449
Interest rate derivatives (other)	**6**	-	-	-	6	-	-	11	(110)	-	112	9	-	-
Currency derivatives	**33**	27	3	3	-	-	-	0	(2)	2	-	-	-	-
Lease liabilities	**1 971**	442	90	-	795	390	254	1 924	408	98	-	746	387	285
Interest-bearing liabilities	**19 102**	15 438	2 216	3	801	390	254	14 334	11 780	567	112	755	386	734

Table 2b

Interest-bearing liabilities by instrument and currency

							2022							2021
Amounts in NOK million	2022	NOK	SEK	EUR	USD	DKK	Other	2021	NOK	SEK	EUR	USD	DKK	Other
Bonds	**6 850**	6 762	-	-	-	25	63	6 089	6 030	-	-	-	26	33
Bank loans	**7 197**	1 000	3 028	2 030	976	-	163	4 078	2	1 953	1 500	538	5	80
Commercial paper	**2 500**	2 500	-	-	-	-	-	1 750	1 750	-	-	-	-	-
Overdrafts	**220**	(21)	(2)	36	5	164	38	373	(62)	6	431	41	(36)	(7)
Other loans	**33**	26	-	-	-	2	5	105	72	-	2	-	-	31
Currency derivatives	**33**	(10 262)	2 067	2 692	92	1 932	3 512	0	(7 560)	2 298	1 692	(614)	1 561	2 623
Interest rate derivatives	**298**	292	-	6	-	-	-	15	4	-	11	-	-	-
Lease liabilities	**1 971**	687	120	835	-	120	209	1 924	755	135	736	-	88	210
Interest-bearing liabilities	**19 102**	984	5 213	5 599	1, 073	2 243	3 990	14 334	991	4 392	4 372	(35)	1 644	2 970
Interest level borrowing rate	**3.7%**	4.0%	3.1%	2.4%	5.1%	2.1%	6.7%	1.3%	1.6%	1.0%	0.7%	0.8%	0.2%	3.3%

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.

Table 3

Maturity profile financial liabilities

	2022						2021					
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	17 068	17 365	3 622	3 493	4 290	5 960	12 394	12 399	3 195	2 307	2 465	4 432
Lease liabilities	1 971	2 124	558	852	427	287	1 924	2 050	532	790	416	312
Interest payments	89	2 246	560	889	534	263	48	987	182	379	260	166
Accounts payable and other current financial liabilities	8 237	8 237	8 237	-	-	-	7 373	7 373	7 373	-	-	-
Subscribed, uncalled partnership capital	-	7	7	-	-	-	-	15	15	-	-	-
Net settled derivatives[1]	330	-	-	-	-	-	76	-	-	-	-	-
Inflow	-	(1 042)	(259)	(377)	(247)	(159)	-	(567)	(111)	(216)	(133)	(107)
Outflow	-	1 393	364	517	314	198	-	646	147	265	138	96
Gross settled derivatives[1]	25	-	-	-	-	-	(46)	-	-	-	-	-
Inflow	-	(14 464)	(14 464)	-	-	-	-	(11 830)	(11 830)	-	-	-
Outflow	-	14 488	14 488	-	-	-	-	11 767	11 767	-	-	-
Total	**27 720**	**30 354**	**13 113**	**5 374**	**5 318**	**6 549**	**21 769**	**22 840**	**11 270**	**3 525**	**3 146**	**4 899**

[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 7.1 billion at 31 December 2022 (NOK 7.2 billion at 31 December 2021).

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	2022	2021
Cash and cash equivalents	1 502	1 127
Accounts receivable and other trade receivables	7 706	6 526
Other current receivables	588	481
Non-current receivables	404	402
Derivatives	22	59
Total	**10 222**	**8 595**

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. Commodity price risk is described for the individual business areas in section (I) "Organisation of financial risk management".

Orkla is also exposed to price risk on energy (gas and electric power). As of 31 December 2022 hedges of 8,337 Mt propane, and natural gas corresponding to 107 GWh for the years 2023-2025, had been entered into.

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 2022. 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.

Table 5

Sensitivity financial instruments

	2022: Accounting effect on				2021: Accounting effect on			
	Income statement of:		Comprehensive income of:		Income statement of:		Comprehensive income of:	
Amounts in NOK million	Increase[1]	Decrease	Increase[1]	Decrease	Increase[1]	Decrease	Increase[1]	Decrease
Financial instruments in hedging relationships								
Interest rate risk: 100 basis points parallel shift in interest curves all currencies	(132)	132	(1)	1	(93)	93	32	(35)
Currency risk: 10% change in FX-rate EUR	7	(7)	(365)	365	2	(2)	(317)	317
Currency risk: 10% change in FX-rate SEK	(5)	5	(206)	206	(2)	2	(168)	168
Share price risk: 10% change in share price	26	(26)	-	-	31	(31)	3	(3)
Gas price risk: 30% change in gas price	-	-	43	(43)	-	-	-	-

[1] Strengthening of the respective currency.

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.

Note 31 Derivatives and hedging relationships

P 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.

Hedging. The group uses the following criteria when classifying a derivative or another financial instrument as a hedging instrument:

(1) the hedge is in line with the risk management objectives and strategy, and the instrument is expected to be highly effective in offsetting changes in the fair value or cash flow of an identified object,
(2) an economic relationship between the hedging instrument and the hedging object exists, sources of hedging inefficiency can be determined, and credit risk is not expected to dominate fair value changes in the hedging relationship,
(3) satisfactory documentation is established before entering into the hedging instrument, proving among other things that the hedging relationship is effective,
(4) in the case of a cash flow hedge, that the future transaction is considered to be highly probable, and
(5) the hedging relationship is evaluated regularly and is still expected to be effective.

Fair value hedges
Changes in the fair value of derivatives designated as hedging instruments are immediately recognised in the income statement. Changes in the fair value of the hedged item are recognised in the income statement in the same way. Hedge accounting is discontinued if:

(a) the hedging instrument has matured, or is terminated, exercised or sold,
(b) the hedge no longer meets the above mentioned criteria for hedging, or
(c) the group for other reasons decides not to continue the fair value hedge.

In the case of a discontinued hedging relationship, the changes in the fair value of the hedged item recognised in the statement of financial position will be amortised over the remaining life of the item, using the effective interest rate method, in the same way as for the hedging instrument.

Cash flow hedges
The effective part of changes in the fair value of a hedging instrument is recognised in comprehensive income and reclassified to the income statement when the hedged transaction is carried out, and presented on the same line as the hedged transaction. The ineffective part of the hedging instrument is immediately recognised in the income statement. When a hedging instrument has matured, or is sold, terminated or exercised, or the group discontinues the hedging relationship, even though the hedged transaction is still expected to occur, the accumulated gains or losses at this point will remain in the group's hedging reserve, and will be recognised in the income statement when the transaction occurs. If the hedged transaction is no longer expected to occur, the accumulated unrealised gains or losses related to the hedging instrument will be recognised in the income statement immediately.

Net investment hedges
Foreign currency gains or losses on hedging instruments that can be allocated to the effective part of the hedging relationship are reported in comprehensive income, while foreign currency gains or losses in the ineffective part of the hedge are reported in the income statement. The accumulated foreign currency gains or losses are recognised in the income statement when the hedged net investment is disposed of.

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

					Nominal value[3]				
Amounts in NOK million			2022	2021	2022	2021	Purpose of hedging	Hedge accounting	Classification
Assets	Current	i.b.[1]	-	11	-	2 858	Currency forwards hedging net investments in foreign subsidiaries	Net investment hedge	Fair value through comprehensive income
Assets	Current	i.b.	-	32	-	8 519	Currency forwards hedging loans/deposits	-	Fair value through profit and loss
Assets	Current	n.i.b.[2]	-	12	-	343	Total return swap hedging share exposure in pension obligations/LTI	-	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.	9	4	-	331	Currency forwards hedging future transactions	Cash flow hedge	Fair value through comprehensive income
Liabilities	Non-current	n.i.b.	(13)	(72)	5 600	5 305	Interest rate swaps floating to fixed, hedging future interest payments	Cash flow hedge	Fair value through comprehensive income
Liabilities	Non-current	i.b.	(6)	(11)	2 803	2 669	Interest rate swaps floating to fixed, hedging future interest payments	-	Fair value through profit and loss
Liabilities	Non-current	i.b.	(292)	(4)	3 035	2 635	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.	(19)	-	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.	-	(2)	-	-	Currency forwards hedging future transactions	Cash flow hedge	Fair value through comprehensive income
Total derivatives			**(355)**	**(30)**					

[1] i.b. = interest-bearing asset/liability.

[2] n.i.b. = non-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 forwards 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 2022 or 2021. All expected cash flows hedged in 2022 still qualify for hedge accounting.

Changes in the equity hedging reserve

Amounts in NOK million	2022	2021
Opening balance hedging reserve before tax	(70)	(271)
Reclassified to profit/loss – operating revenues	-	2
Reclassified to profit/loss – operating costs	(2)	6
Reclassified to profit/loss – net financial items	43	55
Reclassified to statement of financial position	-	87
Fair value change during the year	12	51
Closing balance hedging reserve before tax	**(17)**	**(70)**
Deferred tax hedging reserve	3	15
Closing balance hedging reserve after tax	**(14)**	**(55)**

The change in the equity hedging reserve before tax in 2022 was NOK 53 million (NOK 201 million in 2021), and after tax, recognised in other comprehensive income, was NOK 41 million in 2022 (NOK 152 million in 2021).

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 2021 are expected to be recycled to the income statement as follows (before tax):

2023:	NOK -19 million
After 2023:	NOK 2 million

Hedges of net investments in foreign entities

When hedging the currency risk on foreign net investments, loans or currency derivatives are applied. In 2022 NOK -187 million was recorded in other comprehensive income after tax from net investment hedges (NOK 216 million in 2021).

No effects were recorded in the income statement related to net investment hedges of divested investments in 2022 or in 2021.

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 2022, NOK 288 million was recognised as costs in the income statement related to fair value changes in the interest rate swaps, and NOK 288 million was recognised as income 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 2022[1]

Shareholders			Number of shares	% of capital[2]
1	Canica AS		200 236 000	19.99%
2	Folketrygdfondet		65 852 684	6.58%
3	Tvist 5 AS		50 050 000	5.00%
4	State Street Bank and Trust Comp	Nominee	40 565 125	4.05%
5	JPMorgan Chase Bank, N.A., London	Nominee	39 719 484	3.97%
6	State Street Bank and Trust Comp	Nominee	20 341 223	2.03%
7	RBC Investor Services Trust	Nominee	16 250 915	1.62%
8	JPMorgan Chase Bank, N.A., London	Nominee	15 311 380	1.53%
9	State Street Bank and Trust Comp	Nominee	12 875 278	1.29%
10	State Street Bank and Trust Comp	Nominee	8 998 164	0.90%
11	Verdipapirfondet KLP Aksje Norge		8 145 724	0.81%
12	The Bank of New York Mellon	Nominee	7 535 375	0.75%
13	Verdipapirfondet DNB AM Norske Aksjer		7 367 292	0.74%
14	State Street Bank and Trust Comp	Nominee	6 796 642	0.68%
15	The Bank of New York Mellon	Nominee	6 709 956	0.67%
16	Verdipapirfondet DNB Norge		6 463 757	0.65%
17	Société Générale	Nominee	6 381 989	0.64%
18	The Bank of New York Mellon SA/NV	Nominee	6 281 768	0.63%
19	Danske Invest Norske Instit. II		6 149 632	0.61%
20	The Northern Trust Comp, London Br	Nominee	6 145 508	0.61%
	Total shares		**538 177 896**	**53.74%**

[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 312.

[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

Treasury shares as at 31 December 2022

	Nominal value (NOK)	Number of shares	Fair value (NOK million)
Shares owned by Orkla ASA	5 358 725	4 286 980	304

Ⓟ 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 2022:

	2022	2021
Total as at 1 January	4 852 874	501 800
External purchases of treasury shares	-	5 000 000
Orkla employee share purchase programme	(565 894)	(648 926)
Total as at 31 December	**4 286 980**	**4 852 874**

Options

In 2020, Orkla introduced a long-term incentive programme (LTI programme) based on share options, which replaced the previous cash-based LTI programme; see also Note 11.

See the Corporate Governance section on page 47 regarding the authorisations granted by the General Meeting concerning share capital.

Dividend

The Board of Directors proposes that an ordinary dividend of NOK 3.00 per share be paid out, totalling NOK 2,991 million for the 2022 financial year.

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

Companies with non-controlling interests are consolidated on a 100% basis in the income statement, statement of financial position and statement of cash flows. On the other hand, the non-controlling interests' share of the group's annual profit or loss and equity are reported on separate lines.

Amounts in NOK million	2022	2021
Non-controlling interests' share of:		
Operating profit	383	154
Profit/loss before taxes[1]	382	149
Taxes[1]	(133)	(56)

[1] Discrepancies are due to non-controlling interests' share of depreciation of excess value.

Changes in non-controlling interests:		
Non-controlling interests 1 January	910	462
Non-controlling interests' share of profit/loss	249	90
Increase due to acquisitions and capital increases in companies with non-controlling interests	369	416
Decrease due to purchase of shares from minority shareholders	(13)	-
Decrease due to sale of companies with non-controlling interest	-	(1)
Hedging reserve taken to equity in companies with non-controlling interest	1	-
Dividends to non-controlling interests	(60)	(45)
Translation differences	14	(12)
Non-controlling interests 31 December	**1 470**	**910**

Amounts in NOK million	2022	2021
Breakdown of non-controlling interests' share of profit/loss:		
Orkla Foods Europe	1	1
Orkla India	25	13
Orkla Food Ingredients	90	65
Orkla Consumer Investments	14	1
Hydro Power	115	12
Financial Investments	4	(2)
Total non-controlling interests' share of profit/loss	**249**	**90**

Breakdown of non-controlling interests:		
Orkla India	330	303
Orkla Food Ingredients	668	293
Orkla Consumer Investments	160	117
Hydro Power	294	190
Financial Investments	18	7
Total non-controlling interests	**1 470**	**910**

P Accounting policies

If the group has control, but owns less than 100% of subsidiaries and their subsidiaries, the companies are still recognised in the financial statements line by line on a 100% basis, but the non-controlling interests' share of profit or loss after tax, their share of comprehensive income and their share of equity are presented on separate lines in the consolidated financial statements. All internal transactions are eliminated in the same way as for the other group companies. 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. Transactions with non-controlling interests that do not entail loss of control will be recognised in equity.

Orkla purchased businesses with minority shareholders in 2022. This applies to the US company Denali Ingredients, in which Orkla has a 84% interest, and the Polish pizza chain Da Grasso, in which Orkla has a 74% interest. See Note 6 for further information.

In addition to Denali Ingredients, Orkla Food Ingredients has several companies with non-controlling interests, the most material of which are related to the Dragsbæk group in Denmark. The group has been family-owned and the former owner still has a substantial ownership interest in the parent company. There are also external ownership interests in Kanakis Group (Greece), Condite (Finland) and Hadecoup (Belgium) in Orkla Food Ingredients.

In Orkla India there are minority shareholders in Eastern Condiments, in which Orkla has a 67.8% interest. The non-controlling interests in Orkla Consumer Investments relate to the New York Pizza chain (in which Orkla has a 75% interest) and the recently acquired Da Grasso pizza chain (in which Orkla has a 74% interest).

The non-controlling interests in Hydro Power consist of a 15% interest in AS Saudefaldene, which is owned by Sunnhordaland Kraftlag.

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	1 850 GWh	 Operation started 1970 Operation started November 2001 Operation started December 2006 Operation started August 2008 Operation started October 2008 Operation started February 2009 Operation started November 2009	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.
Hydropower reservoir, Sauda, Rogaland		Under lease agreements with Statkraft, AS Saudefaldene[1] operates all plants until 31 December 2023.	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 of 1 January 2031 of the expansions carried out by AS Saudefaldene[1].
Borregaard power plant[2] Hydropower run-of-river, Sarpsfossen in Glomma, Sarpsborg, Viken	267 GWh	100% ownership, infinite licence period.	
Sarp power plant[2] Hydropower run-of-river, Sarpsfossen in Glomma, Sarpsborg, Viken	236 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, Viken	13 GWh	100% ownership, partly infinite licence period.	
Power contracts			
SiraKvina replacement power Kvinesdal, Agder	35 GWh	Infinite.	Replacement for lost production in Trælandsfos.

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[1] Orkla owns 85% of AS Saudefaldene.
[2] Actual median annual production (2013–2022) at current capacities.

Note 35 Pledges and guarantees

Amounts in NOK million	2022	2021
Liabilities secured by pledges	227	62

Pledged assets

Amounts in NOK million	2022	2021
Machinery, vehicles etc.	60	1
Buildings and plants	407	196
Inventories	2	0
Accounts receivables	13	2
Other assets	26	0
Total book value	**508**	**199**

"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	2022	2021
Subscribed, uncalled limited partnership capital	7	15
Other guarantee commitments	185	110
Total guarantee commitments	**192**	**125**

P 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.

Note 36 Related parties

Orkla ASA is a parent company and has direct and indirect control of around 285 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 presented using the equity method. Orkla had receivables of NOK 9 million due from associates as at 31 December 2022. There were no special material transactions between associates and joint ventures and the group in 2022.

Internal trading within the group is carried out in accordance with special arm's length agreements, and 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 250,387,581 shares in Orkla (equivalent to 25.003% of shares issued) through the Canica system as at 31 December 2022. The Orkla group sells to companies in the Canica system. These sales are agreed on market conditions and totalled around NOK 22 million.

Apart from what is disclosed in this note, there were no material transactions with related parties.

P Accounting policies

Two parties are deemed to be related if one party can influence the decisions of the other. Related party relationships are a normal feature of commerce and business. All transactions with related parties must be carried out on market terms and conditions.

Note 37 Contingent liabilities and other matters

Distribution agreement with PepsiCo. In 2015 Orkla entered into an agreement with PepsiCo regarding the sale and distribution of its juice, cereal and snacks products in the Nordic region. The agreement included brands such as Tropicana, Quaker, Doritos and Lay's. The snacks part of the agreement expired at the end of 2022 and will not be renewed. Orkla and PepsiCo will continue to collaborate in other categories, and Orkla Foods Europe will continue to distribute Quaker and Tropicana products in the Nordic region in 2023.

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).

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, and a request submitted to have the VAT claim invalidated is being considered by a court of first instance. Sao Paulo's Supreme Court recently allowed Denofa Do Brasil's appeal and has ruled that the decision of the lower court (the 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. 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.

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.

Government grants. Government grants are recognised when it is reasonably certain that they will be received. The grants are presented either as income or as a cost reduction in which case they are matched with the costs for which they are meant to compensate. Government grants relating to assets are recognised as a reduction in the asset's acquisition cost. The grant reduces the asset's depreciation. Orkla received only an insignificant amount in government grants.

Dragsbæk. Under Orkla's shareholder agreement with its partner in Dragsbæk, Orkla has an obligation 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; see Note 4.

Note 38 Events after the balance sheet date

Acquisitions

In December 2022, Orkla Confectionery & Snacks entered into an agreement to purchase 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 has developed many iconic pick-&-mix favourites sold both in bulk and in bags. Sustainability is a core focus in the company's operations, and the majority of its portfolio consists of vegan products. The sellers are members of the Lindström family. In addition, CEO Niclas Arnelin has a small ownership interest that is also part of the sale. Bubs has had average annual sales growth of 10% since 2012/2013, and had a turnover of SEK 211 million in 2021/2022 (financial year ending 30 June 2022). Bubs will be operated as a subsidiary of Orkla Confectionery & Snacks Sverige and its present CEO Niclas Arnelin will continue in the company. The purchase has been completed and was consolidated into Orkla's financial statements as from 1 February 2023. A preliminary acquired statement of financial position for Bubs Godis in the Orkla group is presented in the table on the right. The process of preparing a Purchase Price Agreement is at an early stage, so there may be changes.

Acquired statement of financial position in Bubs Godis AB:

Amounts in NOK million	2022
Property, plant and equipment	190
Intangible assets	78
Inventories	28
Receivables	33
Assets	**329**
Provisions	(25)
Current liabilities, non-interest-bearing	(35)
Net assets	**269**
Goodwill	319
Acquisition cost at enterprise value	**588**

Orkla Foods Europe has entered into an agreement to purchase 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 facility outside Budapest. The company is market leader, and mainly sells its products under the brand Khell-Food. The seller is the founder Zoltán Kelényi, who will continue as CEO of the company. Khell-Food has had 11% annual sales growth from 2017 to 2021, and in 2021 had a turnover of around NOK 85 million based on the current exchange rate. The purchase has been completed and was consolidated into Orkla's financial statements as from 1 March 2023. The purchase price at enterprise value is approximately NOK 140 million and excess value over book value in the company is chiefly related to goodwill and trademarks. The agreement also includes a possibility of a supplementary payment of up to NOK 20 million based on the company's results in 2023.

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	2022	2021
Operating revenues		11	9
Operating revenues group	1	707	712
Total operating revenues		**718**	**721**
Payroll expenses	2	(545)	(494)
Other operating expenses		(703)	(603)
Depreciation and write-downs	7, 8	(121)	(116)
Operating loss		**(651)**	**(492)**
Dividends and contributions from group		9 356	4 531
Write-downs subsidiaries		-	(1)
Interest income/costs from group	5	420	176
Other financial costs	6	(638)	86
Profit before tax		**8 487**	**4 300**
Taxes	10	(59)	(355)
Profit after tax		**8 428**	**3 945**

Statement of comprehensive income

Amounts in NOK million	Note	2022	2021
Profit after tax		8 428	3 945
Changes in fair value shares		-	-
Change in hedging reserve after tax		44	79
Change in actuarial gains and losses pensions		(5)	-
Comprehensive income		**8 467**	**4 024**
Proposed dividend (not provided for)		(2 991)	(2 990)

Statement of financial position - Assets

Amounts in NOK million	Note	2022	2021
Intangible assets	8	459	514
Deferred tax asset	10	208	212
Property, plant and equipment	7	667	721
Shares in subsidiaries	9	43 692	37 837
Loans to group companies, interest-bearing		19 314	13 734
Other financial assets		23	23
Non-current assets		**64 363**	**53 041**
Receivables external		128	174
Receivables group, non-interest-bearing		246	273
Receivables group contribution		1 200	1 775
Cash and cash equivalents		75	615
Current assets		**1 649**	**2 837**
Total assets		**66 012**	**55 878**

Statement of financial position - Equity and liabilities

Amounts in NOK million	Note	2022	2021
Paid-in equity		1 968	1 967
Retained earnings		38 226	32 672
Equity		**40 194**	**34 639**
Pension liabilities	2	649	681
Non-current interest-bearing liabilities		13 560	9 356
Non-current non-interest-bearing liabilities		13	72
Non-current liabilities		**14 222**	**10 109**
Liabilities to group, interest-bearing		7 562	7 486
Liabilities to group, non-interest-bearing		128	106
Tax payable	10	78	358
Other current liabilities		3 828	3 180
Current liabilities		**11 596**	**11 130**
Equity and liabilities		**66 012**	**55 878**

Statement of cash flows

Amounts in NOK million	2022	2021
Profit/loss before tax	8 487	4 300
Depreciation and write-downs	121	116
Write-downs subsidiaries	0	1
Changes in net working capital etc.	(81)	(30)
Dividends in kind recognised in income without cash flow effect	(5 279)	0
Transfer of profit items to other activities	633	(556)
Taxes paid	(345)	(188)
Cash flow from operating activities	**3 536**	**3 643**
Net replacement investments	(12)	(52)
Sold companies	3	1
Investments in subsidiaries/partly owned companies	(720)	(3 742)
Cash flow from investing activities	**(729)**	**(3 793)**
Dividends paid	(2 987)	(2 739)
Net sale/purchase of treasury shares	43	(346)
Net paid to shareholders	**(2 944)**	**(3 085)**
Proceeds from borrowings	4 613	3 752
Repayments of borrowings	(724)	(2 002)
Repayments of lease liabilities	(63)	(63)
Net change in liabilities	1 848	4 482
Net change in interest-bearing receivables	(6 077)	(4 986)
Net cash flow from/(used in) financing activities	**(403)**	**1 183**
Cash flow from financing activities	**(3 347)**	**(1 902)**
Change in cash and cash equivalents	**(540)**	**(2 052)**
Cash and cash equivalents 1 January	615	2 667
Cash and cash equivalents 31 December	75	615
Change in cash and cash equivalents	(540)	(2 052)

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 2021	1 252	(1)	721	**1 972**	31 715	**33 687**
Comprehensive income Orkla ASA	-	-	-	**-**	4 024	**4 024**
Dividends paid	-	-	-	**-**	(2 739)	**(2 739)**
Net purchase/sale of treasury shares	-	(5)	-	**(5)**	(341)	**(346)**
Share based payment	-	-	-	**-**	13	**13**
Equity 31 December 2021	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**

Note 1 Accounting policies

The financial statements of the holding company Orkla ASA cover all activities at Orkla Headquarters and some real estate activities that are part of the business operations of Orkla Eiendom. The financial statements also cover the administration of the Orkla Foods, Orkla Confectionery & Snacks, Orkla Care, Orkla Food Ingredients and Orkla Consumer & Financial Investments business areas, and the administration of the Purchasing Academy, Sales Academy and Brands Academy in Orkla ASA.

Activities at Orkla's headquarters include the group's executive management and the shared and centralised functions Group HR, Compensation & Benefits, Corporate Communications & Corporate Affairs, Orkla Services, Internal Audit, Legal & Compliance, EHS, Group Finance, Orkla IT, Strategy and M&A, Group Sales, Digital Sales & Amazon Lead Team, Orkla Marketing & Innovation and Orkla Group Procurement. In addition to exercising parent company functions, the departments largely carry out assignments for the group's other companies and charge them for these services. Orkla ASA owns certain trademarks that are utilised by various group companies. Royalty fees are invoiced for the use of these trademarks. The revenues from these activities are presented on the line for "Operating revenues group". The Group Treasury acts as an internal bank and is responsible for the group's external financing, 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 accounting policies for the group also apply to Orkla ASA, and the notes to the consolidated financial statements 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 3.00 per share, had adequate equity and liquidity at the end of 2022.

Note 2 Payroll and pensions

Amounts in NOK million	2022	2021
Wages	(422)	(379)
National insurance contributions	(72)	(66)
Remuneration of the Board and other pay-related costs	(11)	(13)
Pension costs	(40)	(36)
Payroll expenses	**(545)**	**(494)**
Average number of employees	232	226

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	2022	2021
Current service cost (incl. national insurance contribution)	(23)	(20)
Costs contribution plans	(17)	(16)
Pensions classified as operating costs	**(40)**	**(36)**
Pensions classified as financial items	28	(38)
Net pension costs	**(12)**	**(74)**

Breakdown of net pension liabilities as at 31 December

Amounts in NOK million	2022	2021
Present value of pension obligations	(649)	(681)
Pension plan assets	-	-
Capitalised net pension liabilities	**(649)**	**(681)**

The remaining net pension liabilities as at 31 December 2022 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.

Remuneration of the executive management

The Orkla Management Team has earned the following remuneration during the year:

2022

Amounts in NOK 1 000	Paid salary and holiday pay	Paid bonus and other remuneration	Total paid salary and other remuneration	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	9 948	33 772	3 103	4 560	5 583	13 246

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

2021

Amounts in NOK 1 000	Paid salary and holiday pay	Paid bonus and other remuneration	Total paid salary and other remuneration	Accrued bonus	Allocations long-term incentive programme (LTI)	Accrued pension costs	Total accrued and allocated
Remuneration to Orkla President and CEO	8 504	3 870	12 374	2 999	2 451	1 757	7 207
Remuneration to other Orkla Management Team members	27 264	16 639	43 903	9 764	7 760	5 932	23 456

The Orkla Management Team had a total of 680,692 share options in Orkla ASA as at 31 December 2022. No share options have been allocated to Orkla's President and CEO since he was appointed in 2022. Information on the share option programme is provided under the section "Share-based incentive programmes" in this note.

NOK 21.3 million was paid out in total remuneration to the former President and CEO Jaan Ivar Semlitsch, of which NOK 5.1 million concerns the final settlement of accrued pension rights related to the pension plan for salaries over 12G. To other members of the Orkla Management Team who stepped down in 2022, total remuneration of NOK 8.2 million was paid In 2021, NOK 18.1 million was paid out correspondingly.

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 Leading Persons on page 61 of this report.

Share-based incentive programmes

Share option programme

In 2020, Orkla introduced a long-term incentive programme (LTI programme) based on share options as a replacement for the previous cash-based LTI programme. Options will be allocated under this programme once a year, and allocations were made in 2022 and 2021. The Report on the Salary and Other Remuneration of Leading Persons on page 61 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 the Orkla 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

	2022 Number	2021 Number
Options outstanding 1 January	3 854 529	0
Allocations	2 980 120	3 957 529
Exercise	0	0
Terminations	(355 838)	(103 000)
Options outstanding 31 December	**6 478 811**	**3 854 529**
Of which options exercisable 31 December	604 429	0

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. The exercise price at the exercise date must be adjusted for dividends paid out up to the exercise date.

	2022			2021		
	Tranche 1	Tranche 2	Tranche 3	Tranche 1	Tranche 2	Tranche 3
Number of options	506 396	506 396	1 938 325	604 429	604 429	2 318 836
Expected term to exercise (year)	2	3	4	1	2	3
Risk-free interest rate (%)	2.68	2.68	2.68	0.51	0.75	0.93
Volatility (%)	20.45	20.45	20.45	19.11	23.12	22.57
Exercise price at allocation (NOK)	75.18	75.18	75.18	82.06	82.06	82.06
Exercise price at first possible exercise date excl. future dividend adjustment (NOK)	77.44	79.76	82.15	81.52	84.06	86.67

The weighted average expected term to exercise for options outstanding as at 31 December 2022 was 2.9 years.

Options' effect on financial statements

Amounts in NOK million	2022	2021
Vesting of options	32	13
Change provision employer's contribution	(0.3)	0.3
Net option costs	**32**	**13**
Debt (employer's contribution)	0	0.3

Options relating to employees outside Orkla ASA are invoiced to the relevant company.

Cash-based LTI programme (effective up until 2020)
Payments from the LTI programme in 2022 were made in accordance with the former cash-based programme. Awards were last made to the participants in the former 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 2022, 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 in 2022. The lock-up period for shares purchased is three years. The costs of the employee share purchase programme in 2022 totalled approximately NOK 8 million. Costs relating to employees outside Orkla ASA are invoiced to the relevant company. Costs for Orkla ASA employees totalled approx. NOK 1 million in 2022.

Fees to group external auditor

Amounts in NOK million (excl. VAT)	2022	2021
Parent company		
Statutory audit	3.9	3.8
Other attest services	0.4	0.9
Tax consultancy services	-	0.1
Other non-audit services	-	0.4
Group		
Statutory audit	44.9	39.6
Other attest services	0.5	1.3
Tax consultancy services	1.5	1.5
Other non-audit services	0.1	0.5
Total fees to EY	**47.0**	**42.9**
Statutory audit fee to other auditors	8.0	2.6

Note 3 Guarantees and assets pledged

Amounts in NOK million	2022	2021
Guarantees to subsidiaries	289	264
Other guarantee liabilities	19	11

Note 4 Loans to employees

Other financial assets include loans to employees.

Amounts in NOK million	2022	2021
Loans to employees	2	2

Note 5 Interest income and costs group

Amounts in NOK million	2022	2021
Interest income group	536	187
Interest costs group	(116)	(11)
Net interest income group	**420**	**176**

Note 6 Other financial items

Amounts in NOK million	2022	2021
Foreign exchange gain/loss	(245)	268
Other financial income	3	38
Other financial costs	(396)	(220)
Total other financial items	**(638)**	**86**

Note 7 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 2021	**93**	**112**	**533**	**738**
Investments	-	1	46	47
Reclassifications[1]	-	25	(471)	(446)
Depreciation	(1)	(16)	-	(17)
Write-downs	-	-	-	-
Book value 31 December 2021	**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**
Initial cost 1 January 2022	119	208	108	435
Accumulated depreciation and write-downs	(27)	(86)	-	(113)
Book value 1 January 2022	**92**	**122**	**108**	**322**
Initial cost 31 December 2022	115	179	123	417
Accumulated depreciation and write-downs	(23)	(70)	-	(93)
Book value 31 December 2022	**92**	**109**	**123**	**324**

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 2021	**450**	**1**	**451**
Investments	5	0	5
Depreciation	(56)	(1)	(57)
Book value 31 December 2021	**399**	**0**	**399**
Investments	0	0	0
Depreciation	(56)	0	(56)
Book value 31 December 2022	**343**	**0**	**343**
Initial cost 1 January 2022	596	4	600
Accumulated depreciation and write-downs	(197)	(4)	(201)
Book value 1 January 2022	**399**	**0**	**399**
Initial cost 31 December 2022	596	4	600
Accumulated depreciation and write-downs	(253)	(4)	(257)
Book value 31 December 2022	**343**	**0**	**343**

[1] Net reclassifications relating to the transfer from Note 8.

Note 8 Intangible assets

Amounts in NOK million	Trademarks, not depreciable	IT	Total
Book value 1 January 2021	**26**	**84**	**110**
Reclassifications property, plant and equipment[1]	-	446	446
Write-downs	-	(1)	(1)
Depreciation	-	(41)	(41)
Book value 31 December 2021	**26**	**488**	**514**
Reclassifications property, plant and equipment[1]	-	15	15
Sold assets	(26)	-	(26)
Write-down	-	(1)	(1)
Depreciation	-	(43)	(43)
Book value 31 December 2022	**0**	**459**	**459**
Initial cost 1 January 2022	26	577	603
Accumulated depreciation and write-downs	-	(89)	(89)
Book value 1 January 2022	**26**	**488**	**514**
Initial cost 31 December 2022	-	577	577
Accumulated depreciation and write-downs	-	(118)	(118)
Book value 31 December 2022	**0**	**459**	**459**

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[1] Net reclassifications are related to the transfer from Note 7 and primarily concern investments in a new common ERP system.

Note 9 Shares in subsidiaries, directly owned

Amounts in NOK million	Group's share of capital	Book value 2022	Book value 2021
Orkla Foods Norge AS	100%	9 065	9 065
Orkla Foods Sverige AB	100%	5 469	5 469
Orkla Confectionery & Snacks Finland Ab	100%	3 315	3 315
Orkla Confectionery & Snacks Danmark A/S	100%	2 997	0
Orkla Food Ingredients AS	100%	2 466	2 466
Orkla Foods Finland Oy	100%	2 142	0
Orkla Energi AS	100%	1 765	1 765
Orkla Health AS	100%	1 631	1 631
Orkla Esti AS	100%	1 475	1 228
Kotipizza Group Oyj	100%	1 424	1 424
Orkla Asia Holding AS	100%	1 410	1 410
Hamé s.r.o.	100%	1 354	1 354
Orkla Out of Home B.V.	100%	1 324	1 324
SIA Orkla Latvija	100%	955	959
Orkla Confectionery & Snacks Norge AS	100%	906	906
Orkla Foods Česko a Slovensko a.s.	100%	900	900
Orkla House Care Norge AS	100%	865	865
Orkla Eiendom AS	100%	589	589
SweBiscuits AB	100%	512	512
Health and Sports Nurition HSNG AB	100%	463	0
Viking Askim AS	100%	400	400
Paint Holding AS	100%	305	305
Sarpsfoss Limited			
Ordinary shares	100%	253	253
Preference shares	99.9%	43	43
SIA Orkla Foods Latvija	100%	246	246
Nói-Síríus HF	100%	208	208
Orkla Home & Personal Care AS	100%	200	200
Attisholz AB	100%	187	187
Orkla Foods Romania SA	100%	185	185
Orkla Foods Danmark A/S	100%	175	175
Sandakerveien 56 AS	100%	173	173
Orkla Insurance Company DAC	100%	65	65
UAB Orkla Foods Lietuva	100%	39	39
Trælandsfos Holding AS	100%	36	36
Orkla IT AS	100%	34	34
Lilleborg AB	100%	28	28
Orkla Trading AB	100%	24	14
Øraveien Industripark AS	100%	15	15
Lilleborg AS	100%	12	12
Orkla Investeringer AS	100%	10	10
Textile Holding AS	100%	9	9
Nödinge AB	100%	7	7
Orkla Design AS	100%	5	5
Cederroth Intressenter AB	100%	3	3
Orkla Accounting Centre Estonia	100%	2	2
Orkla China CO.,LTD	100%	1	1
Total		**43 692**	**37 837**

The table shows only directly owned subsidiaries. The group comprises a total of around 285 companies. The most important indirectly-owned subsidiaries are shown in the Group Directory at the end of the Annual Report.

Note 10 Taxes

Tax expense

Amounts in NOK million	2022	2021
Profit before taxes	**8 487**	**4 300**
Change in temporary differences	(21)	(111)
Of which change in temporary differences previous years	(29)	7
Correction for change in temporary differences taken to comprehensive income	51	123
Total change in temporary differences	**1**	**19**
Non-deductible expenses	23	63
Impairment of shares in subsidiaries	0	1
Dividends from subsidiaries	(8 155)	(2 756)
Total permanent differences	**(8 132)**	**(2 692)**
Total taxable income	**356**	**1 627**
Calculated current tax expense	(78)	(358)
Withholding tax foreign dividends	(2)	(1)
Correction in provisions for previous years' taxes	15	1
Total current tax expense	**(65)**	**(358)**
Change in deferred tax liabilities	6	3
Total tax expense	**(59)**	**(355)**

Deferred tax liabilities

Amounts in NOK million	2022	2021
Financial derivatives	8	75
Hedging reserve in equity	(13)	(72)
Property, plant and equipment	3	(297)
Fixed assets	(287)	0
Pension liabilities	(607)	(620)
Leases	(15)	(13)
Other current liabilities	(32)	(37)
Basis deferred tax	(943)	(964)
Deferred tax asset	(207)	(212)
Change in deferred tax	**(5)**	**(24)**
Change in deferred tax taken to comprehensive income	**11**	**27**
Change in deferred tax in the income statement	**6**	**3**

Reconciliation of total tax expense

Amounts in NOK million	2022	2021
22% of profit before taxes	(1 867)	(947)
Dividends from subsidiaries	1 794	606
Non-deductible expenses	(5)	(15)
Withholding tax	(2)	(1)
Correction previous years' taxes	21	1
Total tax expense for Orkla ASA	**(59)**	**(355)**

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 in order to hedge currency risk on internal loans, book equity and goodwill. In 2022, NOK -243 million was recognised in the income statement in connection with these hedges (NOK 265 million in 2021). The internal bank does not actively take on currency risk. Intercompany 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 2022, the fair value of these interest rate swaps was NOK -291 million (NOK -4 million in 2021). During the year NOK 288 million was recognised as income in the income statement related to changes in the fair value of the hedged loans.

When Orkla hedges future interest payments, interest rate swaps, where Orkla receives floating interest rates and pays fixed interest rates, are used. These interest rate swaps are accounted for as cash flow hedges with changes in fair value recognised through comprehensive income. As at 31 December 2022, the fair value of these swaps amounted to NOK -13 million (NOK -72 million in 2021).

Equity hedging reserve. Change in the equity hedging reserve:

Amounts in NOK million	2022	2021
Opening balance hedging reserve before tax	(70)	(177)
Reclassified to profit/loss – operating revenues	(1)	-
Reclassified to profit/loss – net financial items	44	56
Fair value change during the year	13	50
Closing balance hedging reserve before tax	**(14)**	**(70)**
Deferred tax hedging reserve	3	16
Closing balance hedging reserve after tax	**(11)**	**(54)**

The hedging reserve is expected to be reclassified to the income statement as follows (before tax):
2023: NOK -35 million
After 2023: NOK 21 million

Note 12 Other matters

PAYE tax guarantee and guarantee for pension liabilities

Orkla ASA has a bank guarantee to cover Pay-As-You-Earn (PAYE) tax payable by employees and pension liabilities for employees who earn more than 12G on behalf of its Norwegian subsidiaries. The company has NOK 65 million in restricted assets such as margin deposits under derivative contracts.

Material leases

Orkla ASA leases Drammensveien 149 in Oslo from its subsidiary Drammensveien 149 AS. The premises are also subleased to the companies Orkla Foods Norge, Orkla Health, Orkla Home & Personal Care, Lilleborg, Orkla Confectionery & Snacks Norge, Pierre Robert Group, Hydro Power, Orkla IT, Orkla House Care and Orkla Eiendom. Annual leasing costs total NOK 71 million.

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 2022 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 2023
The Board of Directors of Orkla ASA

Stein Erik Hagen
Chairman of the Board

Liselott Kilaas

Anna Mossberg

Peter Agnefjäll

Christina Fagerberg

Rolv Erik Ryssdal

Terje Utstrand

Sverre Josvanger

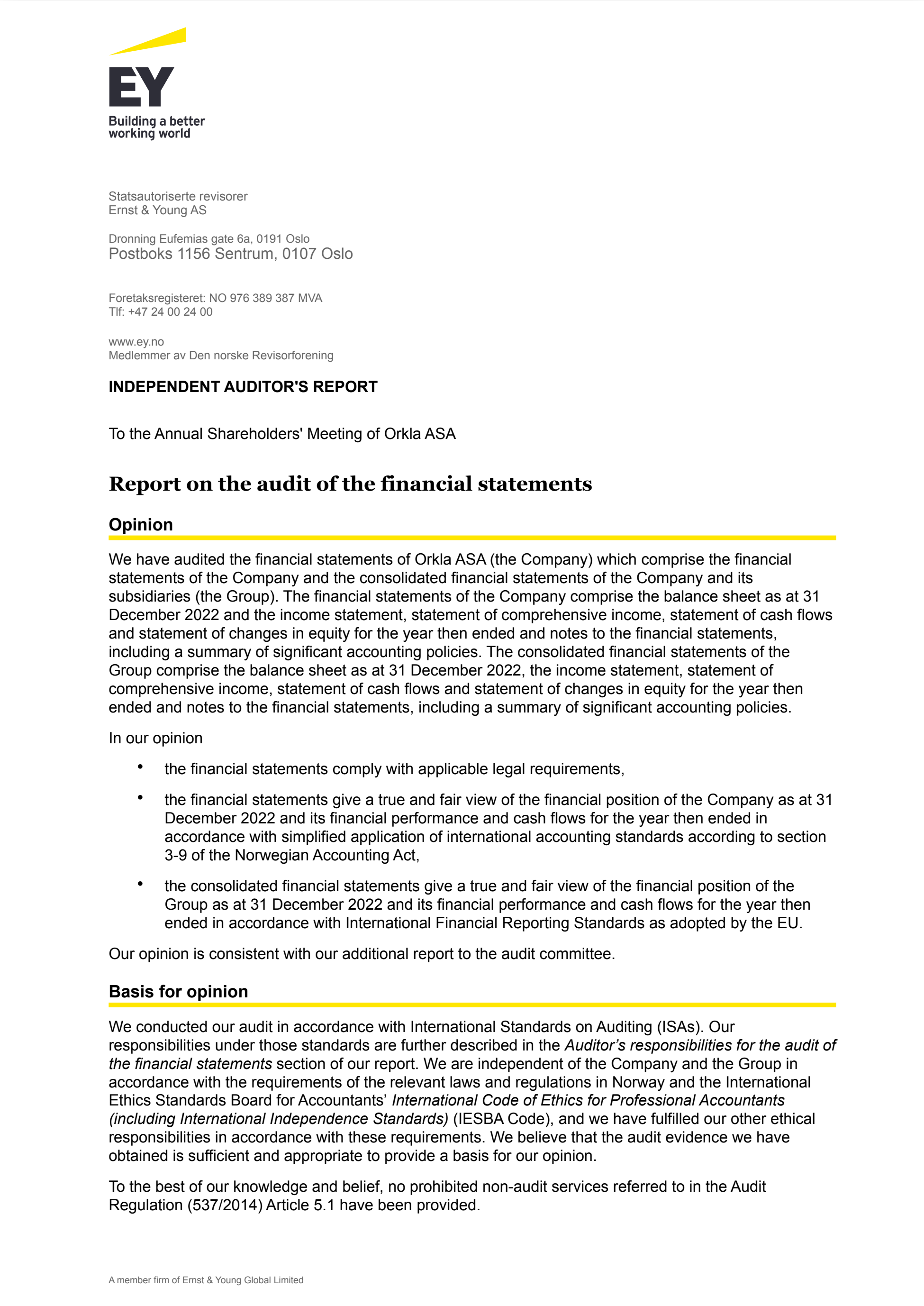
Karin Hansson

Roger Vangen

Nils K. Selte
President & CEO

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

Independent Auditor's Report



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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 2022 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 2022, 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.

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 2022 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 2022 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting 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 2022. 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 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.

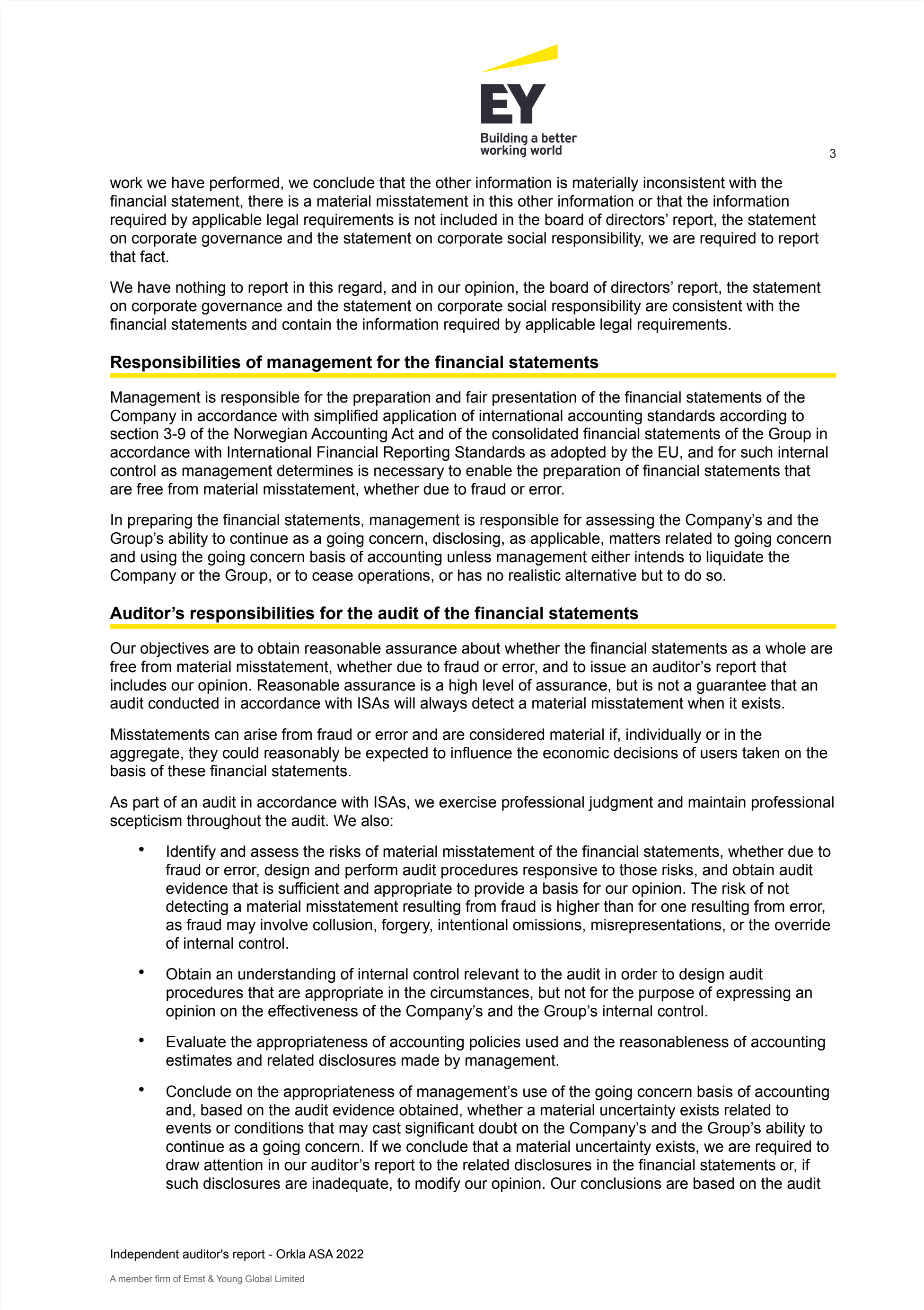
Revenue recognition – accrued discount liabilities

Basis for the key audit matter	*Our audit response*
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 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 general manager) 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 statement, 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 and 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 and fair presentation of the financial statements of the Company in accordance with simplified application of international accounting standards according to section 3-9 of the Norwegian Accounting Act and of the consolidated financial statements of the Group in accordance with International Financial Reporting Standards as adopted by the EU, and 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.

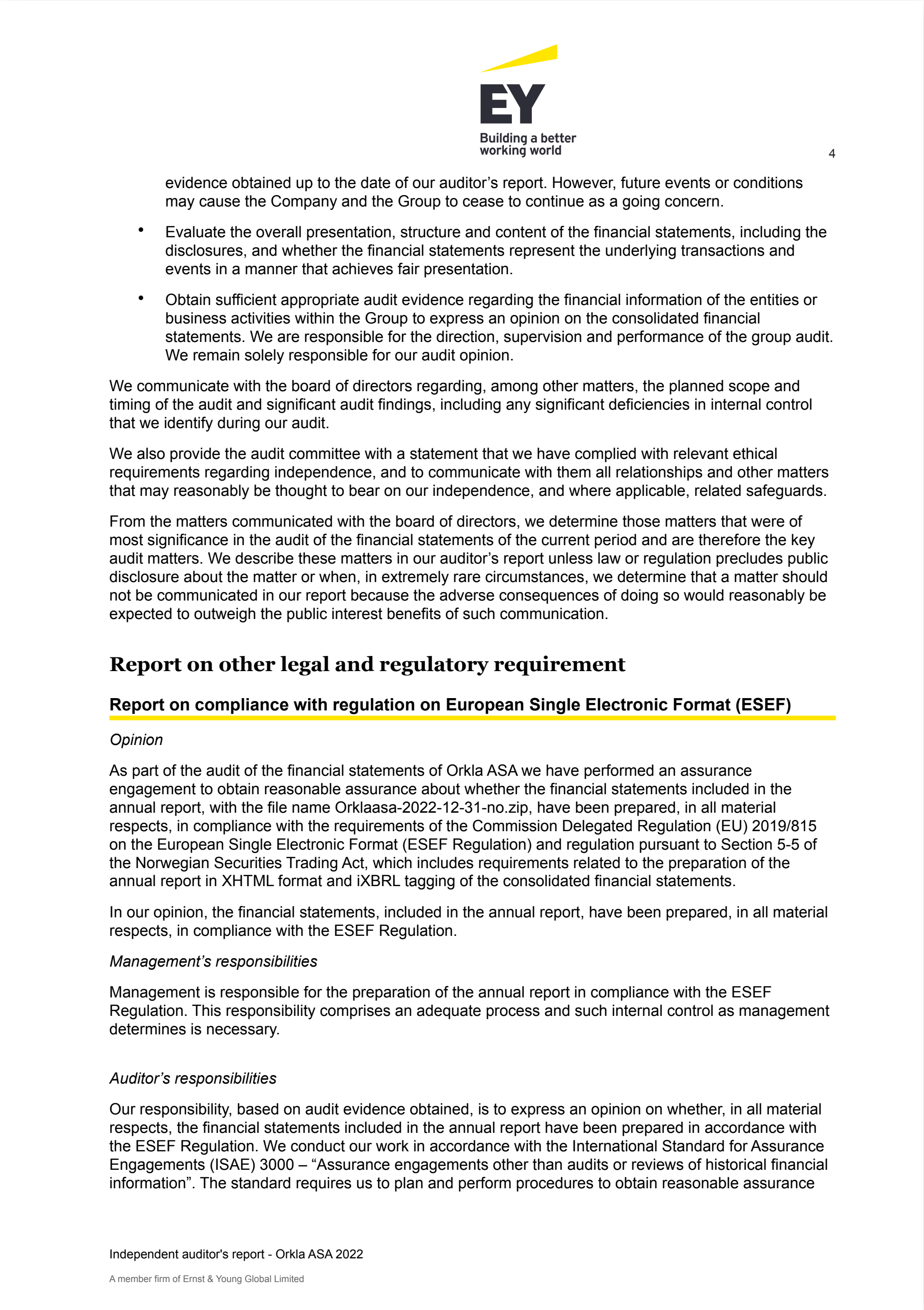
Auditor's responsibilities for the audit of the financial statements

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-2022-12-31-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.

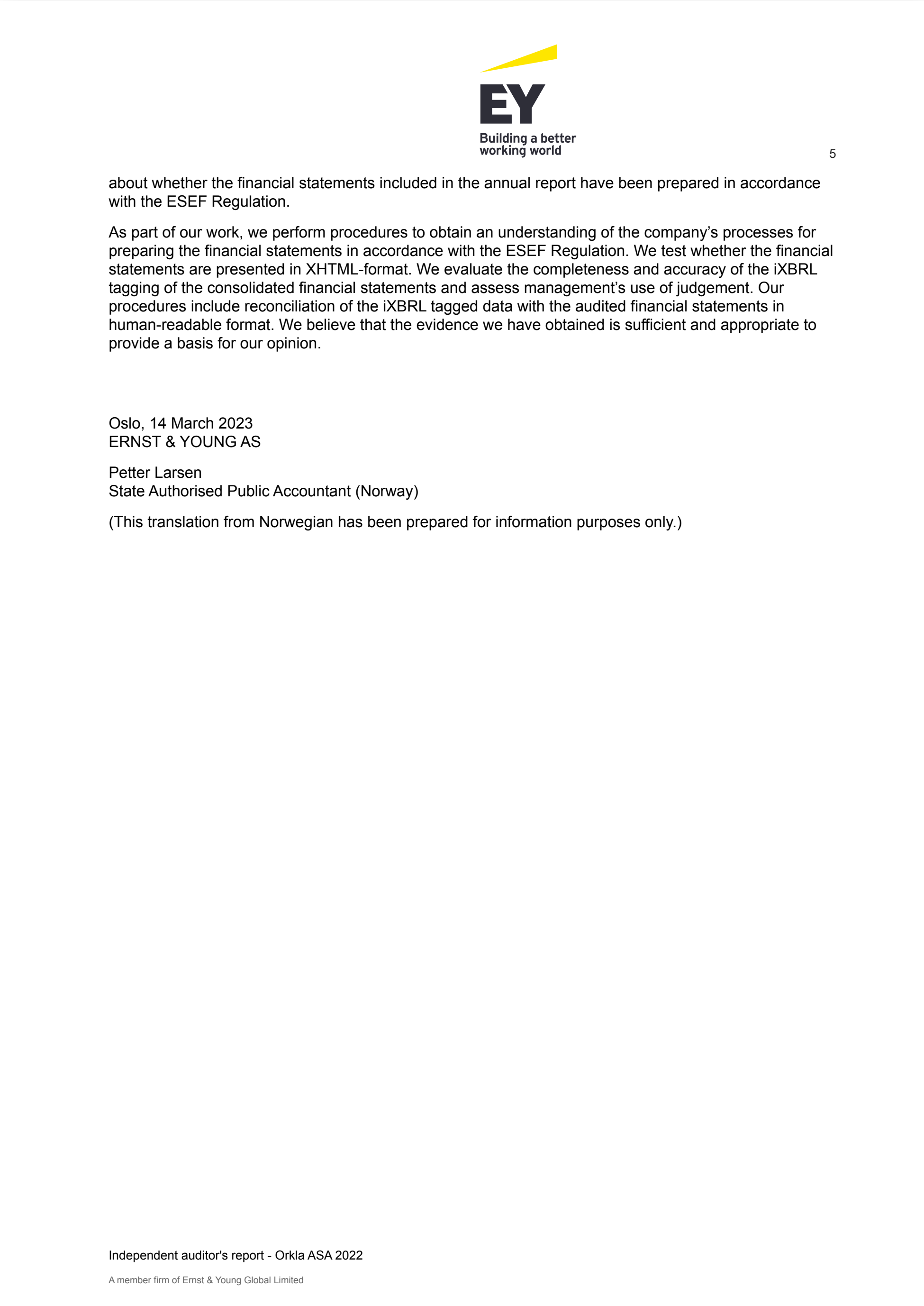
In our opinion, the financial statements, included in the annual report, have been prepared, in all material respects, in compliance with the ESEF Regulation.

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 2023
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 (2018–2021) 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		2022	2021	2020	2019	2018
Income statement							
Operating revenues		(NOK million)	58 391	50 441	47 137	43 615	40 837
EBIT (adj.)*		(NOK million)	7 411	6 145	5 492	5 088	4 777
Other income and expenses		(NOK million)	(514)	(415)	(930)	(561)	(482)
Operating profit		(NOK million)	6 897	5 730	4 562	4 527	4 295
EBIT (adj.) margin*	1	(%)	12.7	12.2	11.7	11.7	11.7
Profit/loss from associates and joint ventures		(NOK million)	861	855	1 000	659	264
Ordinary profit/loss before taxes		(NOK million)	7 345	6 366	5 348	4 931	4 358
Gains/profit/loss discontinued operations		(NOK million)	-	-	-	-	-
Profit/loss for the year		(NOK million)	5 268	4 898	4 422	3 898	3 354
Cash flow							
Net cash flow		(NOK million)	(4 053)	(6 971)	756	(2 064)	(3 044)
Capital as at 31 December							
Book value of total assets		(NOK million)	80 671	70 564	63 007	57 413	52 509
Market capitalisation	2	(NOK million)	70 737	88 058	87 081	88 987	68 007
Equity ratio	3	(%)	53.5	55.8	59.8	60.8	64.9
Net interest-bearing liabilities	4	(NOK million)	17 188	12 758	6 380	6 551	3 037
Net gearing	5		0.40	0.32	0.17	0.19	0.09

* EBIT (adj.) = Operating profit/loss before other income and expenses.

	Definition		2022	2021	2020	2019	2018
Interest coverage ratio	6		21.8	39.3	44.8	38.1	33.5
Average annual borrowing rate		(%)	2.4	1.5	1.8	2.5	3.4
Share of floating interest-bearing liabilities	7	(%)	100	96	57	49	39
Average time to maturity liabilities	8	(year)	3.6	3.5	3.2	3.7	4.0
Shares							
Average number of shares outstanding, diluted		(x 1 000)	996 876	997 105	1 000 461	999 929	1 008 810
Average number of shares outstanding		(x 1 000)	996 880	997 105	1 000 461	999 929	1 008 810
Share-related key figures							
Share price at 31 December		(NOK)	70.94	88.36	87.00	88.96	68.04
Earnings per share, diluted	9	(NOK)	5.04	4.82	4.37	3.84	3.24
Ordinary dividend per share (proposed for 2022)		(NOK)	3.00	3.00	2.75	2.60	2.60
Payout ratio	10	(%)	59.5	62.2	62.9	67.7	80.2
Price/earnings ratio	11		14.1	18.3	19.9	23.2	21.0
Personnel							
Number of employees			20 471	21 423	18 110	18 348	18 510
Number of man-years			19 596	20 839	17 388	17 692	17 633

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.

Alternative performance measures (APM)

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 and currency effects. 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 existing business portfolio. Organic growth provides an important picture of the group's ability to carry out innovation, product development, correct pricing and brand-building.

Reconciliation of organic growth is shown in a separate table on page 310.

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 and currency effects. 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. 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 group's ability to develop growth and 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 Branded Consumer Goods incl. HQ is shown on page 310.

Earnings per share (adj.)

Earnings per share (adj.) show earnings per share adjusted for "Other income" and "Other expenses" after estimated tax. Items included in "Other income" and "Other expenses" are specified in Note 14. The effective tax rate for "Other income" and "Other expenses" is lower than the group's tax rate both in 2022 and 2021, chiefly due to the fact that a large part of expensed M&A costs are not tax-deductible. In 2022 the write-down of the business in Russia has no tax impact while non-taxable gains increase the tax rate slightly for “Other income” and “Other expenses”. The effective tax rate was 17% for 2022 and 16% for 2021.

If other items of a special nature occur under the company’s operating profit or loss, adjustments will also be made for these items. No such adjustments were made in 2022 or 2021.

Orkla has a share option programme for senior executives; see Note 11. This programme could have a dilutive effect for other shareholders and diluted figures are therefore presented for earnings per share and earnings per share (adj.).

The calculation of earnings per share is disclosed in Note 17.

Net replacement investments and expansion investments

When making decisions regarding investments, the group distinguishes between replacement investments and expansion investments. Expansion investments are the part of overall reported investments considered to be investments in either 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 investments) mainly concern maintenance of existing operations and how large a part of the investments (expansion) are investments which must be expected to generate increased contributions to profit in future, exceeding expectations of normal operations.

Net replacement investments and expansion investments are presented in the statement of cash flows (Orkla format); see the Report of the Board of Directors and Note 7.

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, which is used actively in the group’s financial risk management strategy. The statement of cash flows (Orkla format) 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 Denali Ingredients, Lofoten Marine Oils, Vesterålen Marine Olje, Healthspan, Hadecoup, Eastern, NutraQ, New York Pizza, Sigurd Ecklund, Hans Kaspar, Nói Síríus, Cake Décor Limited, Ambasador92 and SeaGood Fort Deli. Adjustments have been made for the sale of Credin Russland, the Struer brand, the water business under the Everest brand in Orkla Latvija, the convenience business in Orkla Latvija, and for the ending of Orkla’s ownership of Hamé Foods in Russia. A structural adjustment was made at business area level for the internal relocation of the Oolannin brand and plant-based production.

In 2021, adjustments were also made for the acquisition of For All Baking Limited, Proteinfabrikken, Norgesplaster, Win Equipment, Gortrush and Havrefras and the sale of Vestlandslefsa, Italiensk Bakeri, Gorm’s and the Skin Care business in Poland and the closure of Pierre Robert Sverige. Adjustments were also made for the loss of the distribution agreements with Panzani and OTA Solgryn, and a structural adjustment was made at business area level for the internal relocation of Frödinge.

Organic growth by business area

		1.1. –31.12.2022		
Sales revenues change %	Organic growth	FX	Structure	Total
Orkla Foods Europe	7.2	-1.4	-0.3	5.5
Orkla India	15.5	6.8	13.8	36.0
Orkla Confectionery & Snacks	5.2	-1.1	-0.8	3.3
Orkla Care	5.3	-1.9	13.0	16.4
Orkla Food Ingredients	20.5	-1.2	2.8	22.2
Orkla Consumer Investments	0.6	-0.6	13.0	13.0
Branded Consumer Goods	**9.6**	**-1.0**	**4.0**	**12.6**

		1.1. –31.12.2021		
Sales revenues change %	Organic growth	FX	Structure	Total
Orkla Foods Europe	1.4	-2.7	-0.2	-1.4
Orkla India	6.7	-14.0	67.6	60.2
Orkla Confectionery & Snacks	3.4	-3.3	2.2	2.3
Orkla Care	2.3	-2.7	7.4	7.0
Orkla Food Ingredients	10.4	-5.2	7.1	12.3
Orkla Consumer Investments	4.8	-3.5	8.1	9.3
Branded Consumer Goods	**4.3**	**-3.7**	**5.2**	**5.8**

Figures may not add up due to rounding.

Underlying EBIT (adj.) changes with comparative figures for Branded Consumer Goods incl. HQ

EBIT (adj.) change %	Underlying growth	FX	Structure	Total
1.1.–31.12.2022	-9.5	-0.8	2.8	-7.5
1.1.–31.12.2021	-3.4	-3.4	6.8	-0.1

EBIT (adj.) margin growth change percentage points	Underlying growth	Structure/FX	Total	EBIT (adj.) margin (%)
1.1.–31.12.2022	-1.9	-0.1	-1.9	9.1
1.1.–31.12.2021	-0.9	0.3	-0.7	11.0

5.

Other information

Share information

Market value

At the end of 2022

70.7 bn.

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 12th largest company on the Oslo Stock Exchange as at 31 December 2022. At the end of 2022, its market capitalisation was NOK 70.7 billion, down NOK 17.3 billion from the end of 2021. In 2022, 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 1.5 million, equivalent to 0.15% of the total number of Orkla shares issued that year. 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

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.

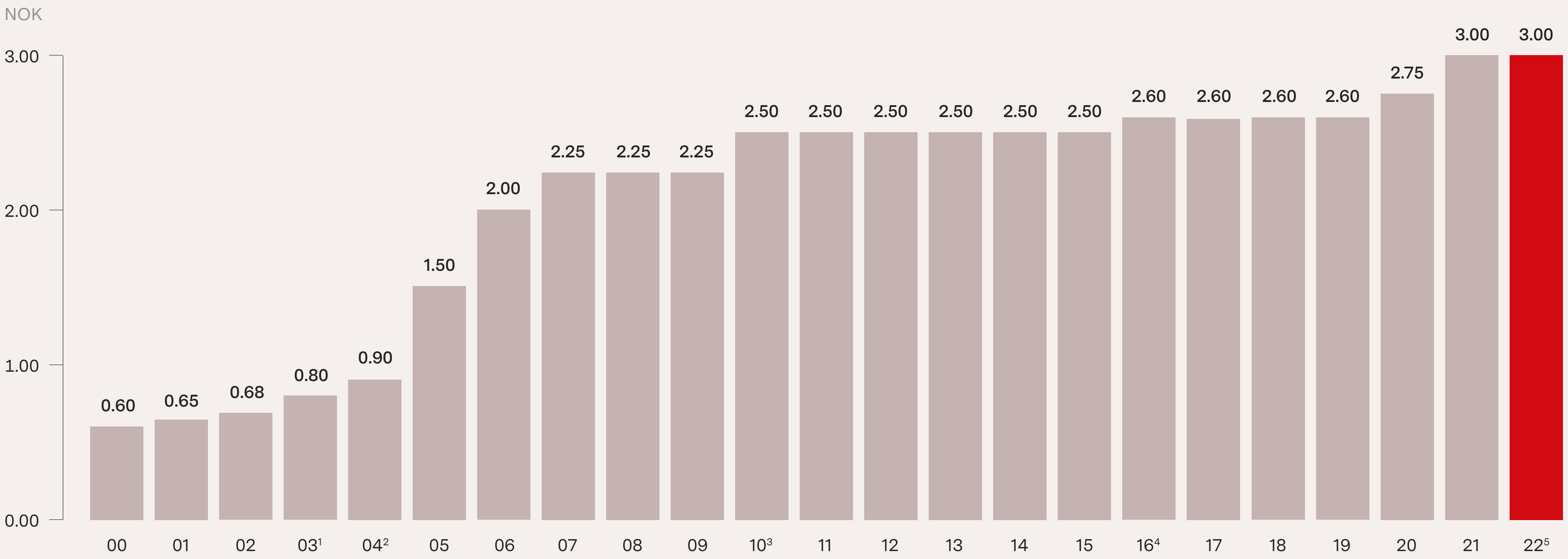
The Board of Directors proposes that the company distribute a dividend of NOK 3.00 per share for the 2022 financial year. The dividend will be paid out on 27 April 2023 to shareholders of record on the date of the Annual General Meeting.

Table – Return on investment, including reinvested dividends, as at 31 December 2022

Date	Orkla	OSEBX
Last year	-16.5%	-1.0%
Last 3 years	-4.2%	8.5%
Last 5 years	-0.7%	7.9%
Last 10 years	8.6%	10.3%

Source: FactSet

Dividend per share



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

Buybacks of own shares

Orkla supplements the dividend by buying back a moderate number of its own shares. At the Annual General Meeting in 2022, 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 at the latest by the 2023 Annual General Meeting. 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 2022, Orkla owned 4,286,980 treasury shares.

The Board of Directors will propose to the General Meeting in 2023 that the authorisation to buy back Orkla shares be renewed.

Voting rights

Orkla has one class of share, and each share carries one vote. The value of the share is NOK 1.25. Shareholders are entitled to vote the number of shares they own and that are registered in the Norwegian Central Securities Depository (VPS) as of 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 for these shares if the acquisition has been registered in the VPS, or if proof is presented at the Annual General Meeting that the acquisition has been reported to the 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%
USA	18%
UK	9%
Other	22%

[1] As at 31 December 2022
Source: VPS

Financial calendar 2023

Date	Event
13 April	Annual General Meeting
14 April	Share traded ex-dividend[1]
27 April	Dividend payment[1]
9 May	1st quarter report
14 July	2nd quarter report
26 October	3rd quarter report

[1] Subject to the approval of the proposed dividend at the Annual General Meeting.

The 20 largest shareholders as at 31 December 2022

Shareholders	Number of shares	% of capital[2]
Canica AS[1]	250,386,000	25.1%
Folketrygdfondet	65,852,684	6.6%
First Eagle Investment Management, L.L.C.	43,647,815	4.4%
The Vanguard Group, Inc.	28,527,992	2.9%
BlackRock Institutional Trust Company, N.A.	25,172,221	2.5%
Mawer Investment Management Ltd.	22,705,607	2.3%
DNB Asset Management AS	20,244,310	2.0%
Nordea Funds Oy	17,511,312	1.8%
Storebrand Kapitalforvaltning AS	15,317,986	1.5%
KLP Fondsforvaltning AS	15,153,412	1.5%
Handelsbanken Kapitalförvaltning AS	14,721,150	1.5%
LSV Asset Management	11,614,034	1.2%
Danske Invest Asset Management AS	10,366,890	1.0%
State Street Global Advisors (UK)	10,289,658	1.0%
Legal & General Investment Management Ltd.	9,798,728	1.0%
BlackRock Advisors (UK) Limited	9,277,079	0.9%
Acadian Asset Management	8,626,523	0.9%
Robeco Institutional Asset Management B.V.	7,972,293	0.8%
Amundi Asset Management	7,093,670	0.7%
Arctic Fund Management AS	6,707,706	0.7%
Total 20 largest shareholders	**600,987,070**	**60.3%**
Number of shares issued	**1,001,430,970**	
Number of shares outstanding	**997,143,990**	

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.

Key figures for the Orkla share

	2022	2021	2020	2019	2018	2017	2016
Share price, high (NOK)	88.58	91.60	97.14	91.98	87.3	87.3	83.55
Share price, low (NOK)	67.06	76.00	75.00	64.16	64.6	73.4	64.65
Share price, closing 31.12. (NOK)	70.94	88.36	87.00	88.96	68.04	87.05	78.2
Diluted earnings per share (NOK)	5.04	4.82	4.37	3.84	3.24	8.43	4.22
Dividend paid per share (NOK)	3.00[1]	3.00	2.75	2.6	2.6	2.6	2.6
Percentage of foreign shareholders	49%	47%	51%	54%	51%	53%	52%
Number of shares issued as of 31.12.	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 of 31.12.	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

Analyst overview

Brokerage overview	Contact	Tel.	E-mail
ABG Sundal Collier	Petter Nystrøm	+47 22 01 61 35	petter.nystrom@abgsc.no
Arctic Securities	Carl Frederick Bjerke	+47 21 01 31 21	cfb@arctic.com
Barclays	Patrick Folan	+44 207 773 1712	patrick.folan@barclays.com
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
Goldman Sachs	John Ennis	+44 207 552 9608	john.ennis@gs.com
Handelsbanken Capital Markets	Nicklas Skogman	+46 870 13 128	nicklas.skogman@handelsbanken.se
Nordea Markets	Kristoffer B. Pedersen	+47 24 01 50 14	kristoffer.B.Pedersen@nordea.com
Pareto Securities	Joachim Huse	+47 24 13 21 07	joachim.huse@paretosec.com
Sanford C. Bernstein	Bruno Monteyne	+44 20 7170 5086	bruno.monteyne@bernstein.com
SEB Enskilda	Håkon Fuglu	+47 21 00 85 49	hakon.fuglu@seb.no
Sparebank 1 Markets	Øyvind Mossige	+47 24 13 37 02	oyvind.mossige@sb1markets.no
UBS	Kate Rusanova	+44 207 568 9285	kate.rusanova@ubs.com

Additional information for valuation purposes

One possible model for valuing Orkla is based on distinguishing between the branded consumer goods business, where the value lies in future earnings from continuing operations, and the group's negotiable assets, which have identifiable market values and where earnings are not a part of Orkla's operating profit from the branded consumer goods business.

Consolidated operations

Power production

Hydro Power

2.4 TWh

Hydro Power

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% interest) and a run-of-the-river plant in Sarpsfossen.

The Sauda hydropower operations are regulated by a civil law lease agreement with Statkraft. The lease 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 value, written down for tax purposes, of the newly built plants (approx. NOK 1.1 billion).

The Saudefaldene plant's average annual production (2013–2022) is 1850 GWh. Saudefaldene leases approximately 1 TWh per year from Statkraft and has corresponding delivery commitments. The net effect of this is zero. The rest of the power is sold in the spot market. Payroll expenses and other operating costs related to the Sauda operations amounted to NOK 102 million in 2022. Major maintenance investments are generally recognised in the financial statements under operating expenses. Saudefaldene receives an annual amount from Statkraft in compensation for major maintenance investments. The net charge in 2022 was NOK 3 million, and in 2021 NOK 0 million. Depreciation totalled NOK 46 million in 2022.

The Sarpsfossen power operations are based on power rights that are not subject to reversion, and average annual production (2013–2022) totals 581 GWh. The power is sold in the spot market. Payroll expenses and other operating costs related to these activities totalled NOK 41 million in 2022. Depreciation amounted to NOK 10 million in 2022.

Orkla Eiendom

Orkla Eiendom (real estate) meets the group's needs for specialised expertise and assistance in the real estate sector, and is responsible for the administration, development and sale of properties that are not utilised in Orkla's branded consumer goods operations. Orkla also has a historical portfolio of real estate-related investments, which are being sold in accordance with the current strategy.

After completion of Orkla's new headquarters, Orkla Eiendom received two rental properties with a total area of around 40,000m^2 in an attractive location at Skøyen, Oslo. Approximately 13,000m^2 of this space is leased to external lessees. The other most important projects are a housing development project at Torshov, Oslo, and the development of Orkla's former biscuit factory in Kungälv, Sweden.

As at 31 December 2022, the book value of Orkla's real estate investments was NOK 2 billion. About NOK 1.7 billion of that amount was related to the three largest properties. Internal valuations show that there are excess values in the portfolio in relation to the book value. In addition to ensuring efficient operations, importance will in future be attached to realising the potential value in the development projects, securing assets and freeing up capital by selling properties and projects that are not to be further developed. Current development projects entail a need for investments during the construction period, while gains are primarily expected to be realised in the period 2023–2025.

Read more at www.orklaeiendom.no/english/

Orkla's ownership

Jotun

42.6%

Associate

Jotun

Orkla owns 42.6% of Jotun, which is reported as an associate. Jotun is well established as a global manufacturer of paints and powder coatings, and holds strong positions in Scandinavia, Asia and the Middle East. The company is steadily expanding and has had good organic growth in recent years. Jotun had operating revenues of NOK 27.9 billion in 2022, and operating profit was NOK 3.7 billion. Net interest-bearing liabilities totalled NOK 1.7 billion as at 31 December 2022.

Read more at www.jotun.no


Nidar
Smash!
Ballerina
Panda
Lakupala
HELPPO AVATA & SULKEA
rikk
strikk

Board of Directors

Board of Directors

- **Stein Erik Hagen**
- Liselott Kilaas
- Anna Mossberg
- Peter Agnefjäll
- Christina Fagerberg
- Rolv Erik Ryssdal
- Terje Utstrand
- Sverre Josvanger
- Karin Hansson
- Roger Vangen
- Caroline Marie Hagen Kjos

Stein Erik Hagen

Chairman of the Board (b. 1956)

Degree from the Retail Institute (now the Norwegian School of Retail)

Mr Hagen was first elected to the Board in 2004, has been Chairman of the Board since 2006, and is up for election in 2023. Mr Hagen established the first business of his own in 1976 and he and his children jointly own several family companies, including Canica AS. He is active in a number of the family companies and sits on the Board of the family's charitable foundations. Mr Hagen is member of the Board of the Byrd Hoffman Watermill Foundation in New York and the Board of the Prostate Cancer Foundation in the USA and member of the Spine Leadership Council at the Hospital for Special Surgery in New York. Mr Hagen is also Chairman of the Nomination Committee of Anora Group Plc and member of the Board of The World Economic Forum Family Business Community.

Mr Hagen and related parties own 250,386,411 shares in Orkla ASA.[1, 2]
Mr Hagen attended all Board meetings in 2022.

[1] Not independent Board member.
[2] Shares owned as at 31 December 2022.

Board of Directors

Liselott Kilaas

Member of the Board (b. 1959)

M.Sc. in Mathematical Statistics, University of Oslo, and
Master of Business Administration, IMD Lausanne

Ms Kilaas was first elected to the Board in April 2017 and is up for election in 2023. She was CEO of Aleris Group from 2013 to 2017. Prior to that, she was Managing Director of Aleris Norge and subsequently Managing Director of Aleris Norge og Danmark. Ms Kilaas is member of the Board of Directors and the Audit Committee of Folketrygdfondet and Peab AB. She is also Chair of the Board of Avonova, Chair of the Board of Implantica and member of the Board of Recover Nordic, Evidia og IMD.

Ms Kilaas and related parties own 15,700 shares in Orkla ASA.[1, 2]
Ms Kilaas attended all Board meetings in 2022.

[1] Independent Board member.
[2] Shares owned as at 31 December 2022.

Board of Directors

Anna Mossberg

Member of the Board (b. 1972)

M.Sc. in Industrial Engineering & Management, Luleå University of Technology and Executive MBA from Stanford and IE University

Ms Mossberg was first elected to the Board in 2020 and is up for election in 2023. She has previously held various positions in Telia, as well as those of CEO of Bahnhof, SVP Strategy at Deutsche Telekom AB and Industry Leader at Google LLC. Ms Mossberg is currently member of the Board and the Finance Committee of Swisscom AG, member of the Board, the Audit Committee and the Compensation Committee of Swedbank AB, and member of the Board of Volvo Cars AB. She is also member of the Advisory Board of Axcel Management and of the Boards Impact Forum.

Ms Mossberg and related parties own 7,892 shares in Orkla ASA.[1, 2, 3]
Ms Mossberg was unable to attend two Board meetings in 2022.

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[1] Independent Board member.
[2] Shares owned as at 31 December 2022.
[3] Ms Mossberg purchased 1,389 shares in Orkla on 15 February 2023, thereby increasing her shareholding, including related parties, to 9,281 shares.

Board of Directors

Peter Agnefjäll

Member of the Board (b. 1971)

Master of Science in Business Administration, Linköping University

Mr Agnefjäll was first elected to the Board in April 2018 and is up for election in 2023. He 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 a member of the Advisory Board of Deichmann Group, Chair of the Supervisory Board of Ahold Delhaise N.V. and operating advisor to the private equity team in the Abu Dhabi Investment Authority (ADIA).

Mr Agnefjäll and related parties own 20,000 shares in Orkla ASA.[1, 2]
Mr Agnefjäll attended all Board meetings in 2022.

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[1] Independent Board member.
[2] Shares owned as at 31 December 2022.

Board of Directors

Board of Directors

Stein Erik Hagen
Liselott Kilaas
Anna Mossberg
Peter Agnefjäll
· Christina Fagerberg
Rolv Erik Ryssdal
Terje Utstrand
Sverre Josvanger
Karin Hansson
Roger Vangen
Caroline Marie Hagen Kjos

Christina Fagerberg

Member of the Board (b. 1973)

Master of Science in Economics and Business, Stockholm School of Economics

Ms Fagerberg was first elected to the Board in April 2022 and is up for election in 2023. She has worked at Goldman Sachs and IK Investment Partners (formerly Industri Kapital), and in 2007 she founded her own private equity fund, Fagerberg & Dellby. Ms Fagerberg is member of the Board of the investment company Idun Industrier AB.

Ms Fagerberg and related parties own 20,000 shares in Orkla ASA.[1, 2]
Ms Fagerberg attended all Board meetings after joining the Board in April 2022.

[1] Independent Board member.
[2] Shares owned as at 31 December 2022.

Board of Directors

Rolv Erik Ryssdal

Member of the Board (b. 1962)

Master of Business Administration, Insead and Master of Science,
BI Norwegian Business School

Mr Ryssdal was first elected to the Board in 2022 and is up for election in 2023. 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 for some years served as CEO of Aftonbladet (1999–2005) and VG (2005–2008) before taking up the role of CEO at Schibsted. He holds several Board positions, including that of Chairman of the Board of Sikri Holding ASA.

Mr Ryssdal and related parties own 16,000 shares in Orkla ASA.[1, 2]
Mr Ryssdal attended all Board meetings after joining the Board in September 2022.

[1] Independent Board member.
[2] Shares owned as at 31 December 2022.

Board of Directors

Terje Utstrand

Employee representative on the Board (b. 1964)

Mr Utstrand was first elected to the Board in 2012 and is up for election in 2024. He has served as chief employee representative since 2010 and is Chair of the Board for LO union members at Orkla. He is also Chair of Orkla's Committee of Union Representatives and European Works Council. Mr Utstrand has also been NNN union representative at Orkla Confectionery & Snacks Norge AS (formerly Nidar) since 1999 (chief employee representative 2002-2010), deputy member of the Board of Nidar AS (2004–2010) and member of the Board of Orkla Brands AS (2008–2012). He has been a member of Orkla's Committee of Union Representatives-Working Committee since 2000.

Mr Utstrand and related parties own 10,409 shares in Orkla ASA.[1]
Mr Utstrand attended all Board meetings in 2022.

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[1] Shares owned as at 31 December 2022.

Board of Directors

Board of Directors

Stein Erik Hagen
Liselott Kilaas
Anna Mossberg
Peter Agnefjäll
Christina Fagerberg
Rolv Erik Ryssdal
Terje Utstrand
· **Sverre Josvanger**
Karin Hansson
Roger Vangen
Caroline Marie Hagen Kjos

Sverre Josvanger

Employee representative on the Board (b. 1963)

Mr Josvanger was first elected to the Board in 2012 and is up for election in 2024. 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 member of the European Works Council, and has served on Orkla's Pension and Insurance Council (POFFO) since 2012. 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 member of the Audit Committee. He has been employed at Orkla Confectionery & Snacks as sales consultant since 1988.

Mr Josvanger and related parties own 26,622 shares in Orkla ASA.[1]
Mr Josvanger attended all Board meetings in 2022.

[1] Shares owned as at 31 December 2022.

Board of Directors

Karin Hansson

Employee representative on the Board (b. 1960)

Ms Hansson was first elected to the Board in 2016 and is up for election in 2024. She is employed at Orkla Foods Sverige, and is an elected representative of the Swedish Food Workers' Union at Orkla Foods Sverige and a member of the Working Committee of Orkla Foods' Liaison Committee. She is also a member of Orkla's Committee of Union Representatives, the Working Committee of the Executive Committee and the European Works Council.

Ms Hansson and related parties own 1,993 shares in Orkla ASA.[1]
Ms Hansson attended all meetings in 2022.

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[1] Shares owned as at 31 December 2022.

Board of Directors

Roger Vangen

Employee representative on the Board (b. 1965)

Mr Vangen was first elected to the Board in 2016 and is up for election in 2024. He is 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.

Mr Vangen and related parties own 11,073 shares in Orkla ASA.[1]
Mr Vangen attended all Board meetings in 2022.

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[1] Shares owned as at 31 December 2022.

Board of Directors

Caroline Marie Hagen Kjos

Personal Deputy Member for Stein Erik Hagen (b. 1984)
Bachelor of Business Administration from Parsons
The New School for Design, New York

Ms Hagen Kjos was first elected to the Board in 2016 and is up for election in 2023. She works as Project Manager at Canica International AG, Switzerland, where she shares responsibility for investments and strategy with the CEO. She has previously been employed as Project Manager in marketing and purchasing in JerniaGruppen. Ms Hagen Kjos is Chair of the Board of Directors of Canica AS.

Ms Hagen Kjos and related parties own no shares in Orkla ASA.[1, 2, 3]
Ms Hagen Kjos attended all Board meetings in 2022

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[1] Not independent.
[2] Shares owned as at 31 December 2022.
[3] Ms Hagen Kjos has a significant equity interest in the Canica companies, but she has no controlling influence in them.

Management Team

Nils K. Selte

President and CEO, Orkla ASA (b. 1965)

M.Sc. Business (*siviløkonom*), BI Norwegian Business School

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 CFO and from 2014 as CEO. Prior to that, Mr Selte served as both Group Treasurer at ICA Ahold AB (1999-2001) 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.

Mr Selte and related parties own 157,395 shares in Orkla ASA.[1, 2]

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[1] Shares owned as at 31 December 2022.

[2] Mr Selte purchased 30,000 shares in Orkla on 14 February 2023, thereby increasing his shareholding, including related parties, to 187,395 shares.

Management Team

Investment Team

Management Team

Nils K. Selte

Investment Team
· **Atle Vidar Nagel Johansen**
Hege Holter Brekke
Audun Stensvold
Maria Syse-Nybraaten
Øyvind Torpp

Corporate Functions
Harald Ullevoldsæter
Christer Grönberg
Camilla Tellefsdal Robstad
Håkon Mageli

Atle Vidar Nagel Johansen

Executive Vice President for Investments (b. 1963)

Certified Financial Analyst, Norwegian School of Economics (NHH),
M.Sc. Business (*siviløkonom*), BI Norwegian Business School

Mr Nagel Johansen has been a member of the Orkla Management Team since 2012, most recently as EVP and CEO of Orkla Branded Consumer Goods from April to December 2022. Prior to that, 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. Before that, 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 (1999–2000). In the 1990s he was Finance Director at Sætre AS/Orkla Snacks and Head of Financial Planning & Analysis at Orkla ASA. He began his career as a financial analyst at Jotun Fonds and Carl Kierulf & Co AS.

Mr Nagel Johansen and related parties own 28,845 shares in Orkla ASA.[1]

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[1] Shares owned as at 31 December 2022.

Management Team

Investment Team

Management Team

Nils K. Selte

Investment Team
Atle Vidar Nagel Johansen
· **Hege Holter Brekke**
Audun Stensvold
Maria Syse-Nybraaten
Øyvind Torpp

Corporate Functions
Harald Ullevoldsæter
Christer Grönberg
Camilla Tellefsdal Robstad
Håkon Mageli

Hege Holter Brekke

Executive Vice President for Investments and CEO of Orkla Care (b. 1969)

M.Sc. Business (*siviløkonom*), BI Norwegian Business School

Ms Brekke became a member of the Orkla Management Team as CEO of Orkla Care in 2021. She came from the position of CEO of Orkla Health and previously served as CEO of Pierre Robert Group from 2015 and before that as Director of Marketing & Innovation at Orkla Foods. Ms Brekke began her career at Orkla in 1996 and held several senior management positions in Orkla ASA, Nidar and Orkla Foods (1996–2004). From 2004 to 2014, she held various senior executive positions in innovation and marketing at TINE and Plantasjen ASA, and was a member of TINE's Corporate Management (2007–2014). She also served as a strategy advisor at McKinsey & Company for three years.

Ms Brekke and related parties own 7,065 shares in Orkla ASA.[1]

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[1] Shares owned as at 31 December 2022.

Management Team

Investment Team

Management Team

Nils K. Selte

Investment Team
Atle Vidar Nagel Johansen
Hege Holter Brekke
· Audun Stensvold
Maria Syse-Nybraaten
Øyvind Torpp

Corporate Functions
Harald Ullevoldsæter
Christer Grönberg
Camilla Tellefsdal Robstad
Håkon Mageli

Audun Stensvold

Executive Vice President for Investments (b. 1972)

M.Sc. Business (*siviløkonom*), Norwegian School of Economics (NHH)

Mr Stensvold has been a member of the Orkla Management Team since November 2022. From 2018 to 2022, he was CEO of Vinestor AS, a group of leading wine import companies in the Norwegian market. Before that, 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. Prior to his time at Aker, Mr Stensvold was a member of the Strategy and Finance Group at Advokatfirmaet Selmer (2002–2006) and a financial analyst at Gjensidige NOR Equities (1998–2022).

Mr Stensvold and related parties owned no shares in Orkla ASA as at 31.12.2022.[1]

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[1] Mr Stensvold purchased 25,000 shares in Orkla on 14 February 2023, thereby increasing his shareholding, including related parties, to 25,000 shares.

Management Team

Investment Team

Maria Syse-Nybraaten

Executive Vice President for Investments and Consumer and Financial Investments (b. 1986)

M.Sc. Business (*siviløkonom*), Norwegian School of Economics (NHH)

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. Ms Syse-Nybraaten came from the position of investment professional at Ferd Capital, where she has held various positions since 2013, including responsibility for health investments in the Nordics. She has broad experience of ownership follow-up and 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.

Ms Syse-Nybraaten and related parties owned no shares in Orkla ASA as at 31.12.2022.[1]

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[1] Ms Syse-Nybraaten purchased 7,000 shares in Orkla on 14 February 2023, thereby increasing her shareholding, including related parties, to 7,000 shares.

Management Team

Investment Team

Management Team

Nils K. Selte

Investment Team
Atle Vidar Nagel Johansen
Hege Holter Brekke
Audun Stensvold
Maria Syse-Nybraaten
· Øystein Torpp

Corporate Functions
Harald Ullevoldsæter
Christer Grönberg
Camilla Tellefsdal Robstad
Håkon Mageli

Øyvind Torpp

Executive Vice President for Investments (b. 1975)

M.Sc. (*sivilingeniør*), Norwegian University of Science and Technology (NTNU)

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 partner from 2008 and 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.

Mr Torpp and related parties own 24,200 shares in Orkla ASA.[1]

[1] Shares owned as at 31 December 2022.

Management Team

Corporate Functions

Management Team

Nils K. Selte

Investment Team
Atle Vidar Nagel Johansen
Hege Holter Brekke
Audun Stensvold
Maria Syse-Nybraaten
Øyvind Torpp

Corporate Functions
· **Harald Ullevoldsæter**
Christer Grönberg
Camilla Tellefsdal Robstad
Håkon Mageli

Harald Ullevoldsæter

Executive Vice President Finance and CFO (b. 1963)

Certified Financial Analyst, Norwegian School of Economics (NHH),
M.Sc. Business (*siviløkonom*), BI Norwegian Business School

Mr Ullevoldsæter has been a member of the Orkla Management Team since March 2020. He served as CFO at Nortura SA (2014–2019). From 1996 to 2014 Mr Ullevoldsæter held a number of management positions in finance at Orkla, including those of Finance Director and member of the management team of Orkla Brands and Orkla Brands Nordic. He also worked for nine years as financial analyst in DNB Markets.

Mr Ullevoldsæter and related parties own 7,947 shares in Orkla ASA.[1]

[1] Shares owned as at 31 December 2022.

Management Team

Corporate Functions

Management Team

Nils K. Selte

Investment Team
Atle Vidar Nagel Johansen
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Audun Stensvold
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Øyvind Torpp

Corporate Functions
Harald Ullevoldsæter
· Christer Grönberg
Camilla Tellefsdal Robstad
Håkon Mageli

Christer Grönberg

Executive Vice President Human Resources (b. 1961)

Education in Human Resources, Lund University and Kristianstad University

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 for eight years between 1998 and 2008 as HR Director. From 1982 to 1998, Mr Grönberg pursued a career in the Swedish Armed Forces.

Mr Grönberg and related parties own 16,865 shares in Orkla ASA.[1]

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[1] Shares owned as at 31 December 2022.

Management Team

Corporate Functions

Management Team

Nils K. Selte

Investment Team
Atle Vidar Nagel Johansen
Hege Holter Brekke
Audun Stensvold
Maria Syse-Nybraaten
Øyvind Torpp

Corporate Functions
Harald Ullevoldsæter
Christer Grönberg
· **Camilla Tellefsdal Robstad**
Håkon Mageli

Camilla Tellefsdal Robstad

Executive Vice President Legal and Compliance (b. 1974)

Master of Laws (LL.M) (cand.jur.), University of Oslo

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.

Ms Tellefsdal Robstad and related parties own 6,937 shares in Orkla ASA.[1]

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[1] Shares owned as at 31 December 2022.

Management Team

Corporate Functions

Håkon Mageli

EVP Communication & Corporate Affairs (b. 1964)
M.Sc. Business (*siviløkonom*), BI Norwegian Business School
The Executive Programme, Darden School of Business

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. Prior to that, 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 (1991–1993). 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 Matmerk – The Norwegian Food Branding Foundation.

Mr Mageli and related parties own 101,064 shares in Orkla ASA.[1]

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[1] Shares owned as at 31 December 2022.

Governing bodies and elected representatives

Nomination Committee

Nomination Committee elected by the General Meeting (see Article 6 of the Articles of Association)[1]

Anders Christian Stray Ryssdal	(1,315)[2]
Nils-Henrik Pettersson	(42,080)
Kjetil Houg	
Rebekka Glasser Herlofsen	

Board of Directors

Stein Erik Hagen	(250,386,411)
Liselott Kilaas	(15,700)
Peter Agnefjäll	(20,000)
Anna Mossberg	(7,892)
Christina Fagerberg	(20,000)
Rolv Erik Ryssdal	(16,000)

Employee-elected Board members

Terje Utstrand	(10,409)
Sverre Josvanger	(26,622)
Roger Vangen	(11,073)
Karin Hansson	(1,993)

Shareholder-elected Deputy Board member

Caroline Marie Hagen Kjos (0)[3]

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 was established in an agreement signed in 2020 between union representatives and the company's executive management.

The employees are represented by four of a total of 10 members of Orkla's Board of Directors. A Committee of Union Representatives has been established for employees of the Norwegian, Swedish and Danish companies. This arrangement ensures broad representation for Orkla employees, based on the business areas' 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 established in the Orkla Foods, Orkla Confectionery & Snacks, Orkla Food Ingredients, Orkla Care and Orkla Consumer & Financial Investments business areas.

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[1] Figures in brackets indicate the number of shares owned as at 31 December 2022, including shares owned by related parties.

[2] Owned by related parties.

[3] Ms Hagen Kjos has a significant equity interest in the Canica companies, but does not have controlling influence in them.

In addition to the corporate arrangements described above, the employees are represented on the Board of Directors and works council of large portfolio companies. The list below shows the members of Orkla's Committee of Union Representatives as at 31 December 2022.

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
Pia Berglund
Mette Novak
Ingrid S. Nielsen
Robert Kollevåg
Frank Bjørneseth
Stig Gøran Nilsen
Morten Gilberg
Geir F. Engelbrethsen
Erik Nordby

Group directory

Orkla ASA
Street address: Drammensveien 149, 0277 Oslo, Norway
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Tel.: + 47 22 54 40 00
www.orkla.no

Branded Consumer Goods

Orkla Foods Europe

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Tel.: + 47 22 54 40 00

Orkla Foods Norge AS
P.O. Box 423 Skøyen, 0213 Oslo, Norway
Tel.: + 47 22 54 40 00 / www.orkla.no
- Orkla Foods Norge AS avd. Idun, Rygge
- Orkla Foods Norge AS avd. Nora, Rygge
- Orkla Foods Norge AS avd. Elverum
- Orkla Foods Norge AS avd. Arna
- Orkla Foods Norge AS avd. Råbekken
- Orkla Foods Norge AS avd. Sem
- Orkla Foods Norge AS avd. Sløgstad, Stranda
- Orkla Foods Norge AS avd. Svemorka, Stranda
- Orkla Foods Norge AS avd. Sunda, Oslo
- Orkla Foods Norge AS avd. Stabburet, Vigrestad
- Orkla Foods Norge AS avd. Voss

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Isbergs gata 9 b SE-211 19, Malmö, Sweden
Tel.: + 46 10 142 40 00 / www.orkla.se
- Orkla Foods Sverige AB, Eslöv, Sweden
- 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 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
- Struer Brød A/S, Struer, Denmark

Orkla Suomi
Orkla Foods Oy
Box 683, FI-20361 Turku, Finland
Tel.: + 358 20 791 8600 / www.orkla.fi

Condite Oy
Lisenssikatu 5, FI-21100 Naantali, Finland
Tel.: +358 2 436 5900 / www.condite.fi

Orkla Foods Latvija SIA (Office and Spilva factory)
Zvaigžņu 1, Spilve, Babīte, Latvia, LV 2101
Tel.: + 371 67080302 / www.orkla.lv
- Spilva factory, Babīte parish, Latvia

Orkla Biscuit Production SIA
Laimas 8, Birznieki, Latvia, LV-2164

Orkla Eesti AS
Tallinna mnt 1, Poltsamaa, 48103 Jogeva maakond, Estonia
Tel.: + 372 6877 710 / www.orkla.ee

Orkla Foods Lietuva UAB
Veiverių str. 134C,
LT-46551, Kaunas, Lithuania
Tel.: + 370 37 390 942 / www.orklafoods.lt

Felix Austria GmbH
Felixstraße 24, AT-7210 Mattersburg, Austria
Tel.: + 43 2626 610-0 / www.felix.at

Orkla Foods Česko a Slovensko
Walterovo naměsti 329/3,
158 00 Praha 5, Jinonice, Czech Republic
Tel.: + 420 257 198 111 / www.orkla.cz / www.vitana.cz
- Orkla Foods Česko a Slovensko a.s., Byšice, Czech Republic
- Orkla Foods Česko a Slovensko a.s., Roudnice nad Labem, Czech Republic

- 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., Prague, Czech Republic
- Orkla Foods Česko a Slovensko a.s., Stare Město, Czech Republic
- MUFFI s.r.o., Prague, Czech Republic
- Orkla Foods Slovensko s.r.o., Pezinok, Slovakia
- DOMA Prešov s.r.o., Prešov, Slovakia

Hame s.r.o.
Na Drahach 814 CZ-686 04 Kunovice, Czech Republic
Tel.: + 420 572 534 111 / www.hame.cz

- Hame s.r.o., Babice, Czech Republic
- Hame s.r.o., Staré Město, Czech Republic
- 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
- DOMA Prešov s.r.o., Prešov, Slovakia
- 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
- ZAO HAME Foods, Bogoljubovo, Russia (legally still part of Orkla Group, divestment process ongoing)

Orkla India

MTR Foods Private Limited
No. 1, 2nd & 3rd floor, 100 Feet Inner Ring Road
Ejipura, Bangalore – 560047, India
Tel.: + 91 80 40 81 21 00 / www.mtrfoods.com

- MTR Foods Pvt. Limited, Bangalore, India
- Rasoi Magic Foods Pvt. Limited, Pune, India

Eastern Condiments Ltd
No. 34/137 A, NH Bypass,
Edapally (P.O.), Kochi 682024, India
Tel.: + 91 48 4300 1100 / www.eastern.in

- Kota plant, Kota, India
- Guntur plant, Pradesh, India
- Kothamangalam Unit, India
- Vannpuram, Tamarind Unit. Kerala, India
- Vannpuram, Adimali unit I, Kerala, India
- Vannpuram, Adimali unit II, Kerala, India
- Theni plant, Theni, India

Orkla Confectionery & Snacks

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Orkla Confectionery & Snacks Norge AS
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Tel.: + 47 22 54 42 00
www.nidar.no / www.kims.no / www.saetre.no

- Trondheim
- Skreia

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Orkla Confectionery & Snacks Sverige AB
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Tel.: + 46 77 111 10 00
www.orkla.se / www.olw.se / www.goteborgskex.se

- Filipstad, Sverige
- Kungälv, Sverige

Orkla Confectionery & Snacks Danmark A/S
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Tel.: + 45 63 89 12 12 / www.orkla.dk

Orkla Suomi
Orkla Confectionery & Snacks Finland AB
Äyritie 16, FI-01510 Vantaa, Finland
Tel.: + 358 20 791 8600 / www.orkla.fi

- Haraldsby, Åland, Finland
- Vaajakoski, Finland

Orkla Latvija SIA
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Tel.: + 371 67 080 302 / www.orkla.lv

- Ādažu Čipsi factory, Jaunkūlas 2, Ādaži, LV-2164, www.cipsi.lv
- Staburadze factory, Tallinas 72/74, Riga, LV-1009 Latvia, www.staburadze.lv
- Laima factory, Laimas street 6, Birznieki, Latvia LV-2164

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- Orkla Confectionery & Snacks – Kalev, Harju, Estonia

Orkla Care

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Orkla Home & Personal Care AS
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- Orkla Home & Personal Care, Ski div., Norway
- Orkla Home & Personal Care, Flisa div., Norway
- Riemann A/S, Hillerød, Denmark
- Jordan Asia Pacific Sdn Bhd, Kuala Lumpur, Malaysia
- Peri-dent Ltd, Galashiels, Scotland
- Peri-dent Star Sdn Bhd, Nilai, Malaysia

Orkla Health AS
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www.orkla.no / www.orklahealth.com
Vesterålen Marine Olje AS
Lofoten Marine Oils AS, Norway
Orkla Health AS, Løren div., Norway

NutraQ AS
Sjølyst plass 3, 0278 Oslo, Norway
Tel.: + 47 21 95 12 00 / www.nutraq.com
- NutraQ AS, Oslo og Myre, Norway
- NutraQ Sweden AB, Trollhättan, Strömstad and Stockholm div., Sweden
- NutraQ Aps, Copenhagen, Denmark
- NutraQ Sp. Z o. o., Warsaw, Poland
- NutraQ Finland Oy, Helsinki, Finland
- NutraQ B.V, Amsterdam, The Netherlands
- NutraQ CZ s.r.o., Prague, Czech Republic
- NutraQ S.r.l., Milan, Italy
- NutraQ France SAS, Paris, France
- NutraQ, Inc, San Diego, USA

Orkla Care AB
Box 1336, SE-171 26 Solna, Sweden
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- Orkla Care AB, Division for Innovation, Production and Distribution, Falun, Sweden

Orkla Care A/S
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Tel.: +45 43 56 56 56 / www.orkla.dk
- Orkla Health, Ishøj div., Denmark
- Orkla Health, Lynge div., Denmark

Orkla Care Oy
Äyritie 16, FI-01510 Vantaa, Finland
Tel.: + 358 10 218 370 / www.orklacare.fi

Orkla Care S.A.
Ul. Fabryczna 5a, 00-446 Warsaw, Poland
Tel.: + 48 22 358 13 00 / www.orklacare.com.pl

Orkla Care SIA
Gustava Zemgala gatve 74, Riga, LV–1039, Latvia
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Orkla Care UAB
Trinapolio 9E, 08337 Vilnius, Lithuania
Tel.: + 370 5 23 10 654 / www.orklacare.lt

Orkla Wound Care AB
Box 1336, SE-171 26 Solna, Sweden
Tel.: + 46 10 142 64 00
www.orkla.com / www.orkla.se / www.firstaid-cederroth.com – www.salveqvick.se
- Norgesplaster AS, Vennesla, Norway

Norgesplaster AS
Granlivegen 21, 4700 Vennesla, Norway
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Orkla Cederroth, S.A.U.
S.A.U. Pol. Ind. Can Barri, C/D, naves 11–12,
08415 Bigues I Riells, Barcelona, Spain
Tel.: + 34 93 865 70 09

Health & Sport Nutrition Group HSNG AB
Street address: Svetsarvägen 15, 171 41 Solna, Sweden
P.O. Box 1196, 171 23 Solna, Sweden
www.gymgrossisten.com / www.bodystore.com / fitnessmarket.com
- Proteinfabrikken AS, Norway
- Proteinfabrikken AB, Sweden
- Fitness Market Nordic AB, Sweden
- VM International AB, Sweden

Orkla Food Ingredients

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Idun Industri AS
- Idun Industri AS, Hvam og Rakkestad, Norway
- Bako AS, Hvam, Norway
- Mybakery, Hvam, Norway
- Arne B. Corneliussen AS, Oslo, Norway

OV GROUP
- Orchard Valley Foods Sweden AB, Malmö, Sweden
- Orchard Valley Foods, Tenbury Wells, England and Mainz, Germany
- County Confectionery Ltd, St. Ives, England

- Orchard Valley Foods Australia Ltd, Coburg Victoria, Australia
- Confection by Design Ltd, Harrogate, England
- Hans Kaspar AG, Zufikon, Switzerland
- Cake Décor Ltd, Glasgow, Scotland

NIC GROUP
- Nimatopaal i Dala-Järna AB, Dala-Järna, Sweden
- Frima Vafler, Århus, Denmark
- NIC UK, Omagh, Glasgow, Cornwall and Barking, England
- Eisunion, Nürnberg, Germany
- NIC Nederland B.V., Waddinxveen, The Netherlands
- Win Equipment NISSEI, Bunschoten, The Netherlands
- Laan Heiloo B.V., Heiloo, The Netherlands
- Vaffelbagaren, Kristianstad, Sweden
- For all Baking Ltd, Glasgow, Scotland
- Hadecoup, Herk-de-Stad, Belgium

Denali Ingredients
- Denali Ingredients LLC, New Berlin, USA

Odense Group
- Frödinge, Vimmerby, Sweden
- Odense Marcipan A/S, Odense, Denmark
- Odense Marcipan A/S (Bæchs Conditori), Hobro, Denmark
- Odense Marcipan A/S (Igos), Hedehusene, Denmark

Credin & CBP group
- Credin A/S, Juelsminde, Denmark
- Credin Sverige AB, Stenkullen, Sweden
- Credin Polska, Sobotka, Poland
- Credin Group, 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
- Grondansk ApS, Vejen, Denmark
- Isbud, Reykjavik, Iceland
- SR Foods & Ingredients, Randers, Denmark
- Nonni Litli ehf – Reykjavik, Iceland
- Ismejeriet Thy, Thisted, Denmark

KÅKÅ Group
- KåKå AB, Lomma, Orebro, 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, Ciechanów, Nisko Poland
- Ambasador 92, Piaseczno, Poland

OFI CSE
- Ekvia, Nitra, Slovakia
- Belusa Foods, Beluša, Slovakia
- Orkla Food Ingredients Česko, Prague and Středokluky, Czech Republic
- Kanakis, Acharnai – Attica, Greece
- Orkla Foods Romania, Covasna, Romania
- Orkla Foods Romania, Iași, Romania
- Orkla Foods Romania, București, Romania

Sonneveld Group
- Sonneveld Group B.V., Papendrecht, The Netherlands
- Sonneveld Ltd., Thirsk, England
- Sonneveld NV/SA, Brussels, Belgium
- Sonneveld Kft, Ócsa, Hungary
- Vamo BV, Duiven, The Netherlands
- Quattro Enzyme Solutions BV, Papendrecht, The Netherlands
- Broer Bakkerijgrondstoffen B.V., Waddinxveen

Orkla Consumer & Financial Investments

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Orkla House Care
Koralenhoeve 25, 2160 Wommelgem, Belgium
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Orkla House Care/Harris China/Harris Decorating Tools
West Off of G321 National-Highway Fangzhi-Road, Mugang Town, Zhaoqing City, Guangdong Province, PRC, China
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Tel.: + 44 1527 575441
www.harrisbrushes.com

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Orkla Energi AS
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Sarpsfoss Ltd
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· Mossefossen ANS, Moss, Norway

Aktieselskabet Saudefaldene
Vangsnes, 4200 Sauda, Norway
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P.O. Box 423 Skøyen, 0213 Oslo, Norway
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Verkkosaarenkatu 5, 00580 Helsinki, Finland

New York Pizza GmbH
Centroallee 277, 46047 Oberhausen, Germany
New York Pizza, Smederij 15, Postbus 9031,
1180 Ma Amstelveen, The Netherlands

Da Grasso Sp.z o.o.
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Other businesses and other portfolio companies

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Orkla Insurance Company DAC
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Orkla Asia Pacific Pte Ltd
6 Shenton Way, OUE Downtown 1, #43-01, 068809, Singapore
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Orkla Design AS
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Orkla Investeringer AS
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Orkla Ocean AS
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Orkla Trading AS
P.O. Box 423 Skøyen, 0213 Oslo, Norway
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Orkla Accounting Center Estonia OÜ
Tornimae tn 2 Tallinn, 15010, Estonia
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Orkla Taxonomy Report 2022

1. Introduction

The main objective of the EU Taxonomy Regulation is to assist investors and companies in making informed investment decisions on environmentally sustainable economic activities. It establishes criteria for determining whether an economic activity qualifies as environmentally sustainable. Orkla is subject to the EU Taxonomy Regulation, which applies to large public interest entities with over 500 employees that fall within the scope of the Non-Financial Reporting Directive (NFRD) (Directive 2014/95/EU).

2. Screening of activities

Orkla has assessed which of our activities are within the scope of the Taxonomy, and thereby eligible. The assessment is based on applicable laws and regulations, as well as guidance and information as currently available to us. Changes to the factual circumstances as well as the regulatory landscape, in particular amendments to laws and regulations, future legislation, guidance and information may lead to a different assessment of our economic activities under the Taxonomy Regulation in the future.

The economic activities of Orkla are mainly within the industrial production of food and beverages. These activities are included in the Taxonomy draft for screening criteria under environmental objectives 3-6 but as of today are not included in the Climate Delegated Act. As a result, Orkla's eligible activities for 2022 are related to energy production from hydropower, buildings and to some extent renewable energy.

To avoid double counting of the reported KPIs, we have chosen to focus our Taxonomy reporting on environmental objective 1, climate change mitigation. In 2022, we identified a total of 11 eligible activities, as listed below. Five of these, written in bold font, have been assessed as taxonomy-aligned:

- 4.5 Electricity generation from hydropower
- **4.16 Installation or operation of electric heat pumps**
- 4.25 Production of heat/cool using waste heat
- 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

The following section aims to describe each eligible activity and the alignment assessment.

4.5 Electricity generation from hydropower
Orkla owns and operates eight hydropower plants in Norway. These plants generate and supply electricity to the Nordic power market and produce an average annual volume (2012–2021) totalling 2.5 TWh, of which around 1 TWh is a fixed delivery commitment with a zero net effect on profit.

Substantial contribution: Several of Orkla's plants are run-of-river and thereby comply with the criteria for alignment.

Do no significant harm: The majority of Orkla's plants were built before the implementation of licences and are thus licence-free. This entails that the plants are not subject to strict conditions and rules of operation. Consequently, the plants do not comply with the Taxonomy's "do no significant harm" (DNSH) criteria for objective 3 and 6 and are not taxonomy-aligned.

4.16 Installation or operation of electric heat pumps

Some Orkla factories invested in new electric heat pumps in 2022, and two of these have been assessed as aligned.

Substantial contribution: We performed an initial screening and only two of the installed heat pumps have a global warming potential that does not exceed 675 kg CO2e, and comply with the regulations in Directive 2009/125/EC.

Do no significant harm:

- The sustainable use and protection of water and marine resources: Orkla has conducted a water risk assessment on a company level, where relevant risks related to preserving water quality and avoiding water stress were identified. For example, Orkla has several sites in India and Romania that are considered to be located in a water stress area. In order to mitigate the risks, Orkla is working on building water resilience across the value chain. For example, improving washing processes and increasing water recycling on sites.
- The transition to a circular economy: According to the suppliers of electric heat pumps, materials with high durability and recyclability were used in the manufacturing process. Furthermore, all of the Orkla sites where electric heat pumps were installed have a waste management plan in place and an agreement with a local waste management company for recycling of electronic waste.
- Pollution prevention and control: The sound power levels for the two heat pumps have been checked and are considered to be below the threshold level.

4.25 Production of heat/cool using waste heat

Several of Orkla's factories have constructed or operated facilities that produce heat or cool using waste heat.

Substantial contribution: Orkla meets the substantial contribution criteria for climate change mitigation by producing heat/cool from waste heat.

Do no significant harm:

- Transition to a circular economy: For 2022 this requirement was difficult to assess due to the complex structure of Orkla and lack of information from equipment suppliers.
- Pollution prevention and control: Due to lack of information from equipment suppliers, Orkla paused the screening for this activity.
- Protection and restoration of biodiversity and ecosystems: Orkla has performed an initial impact assessment of its operations on biodiversity and identified potential risks, but as of today the assessment is not at the level required by the EU Taxonomy. As a result, this activity is assessed as not aligned.

6.5 Transport by motorbikes, passenger cars and light commercial vehicles

Orkla purchased and leased company cars and vehicles in 2022, which have been used for employee commuting, transportation of goods, in operations for business travel.

Substantial contribution: A number of vehicles have been reported as low- and/or zero-emission vehicles and thereby contribute to climate change mitigation.

Do no significant harm:
- The transition to a circular economy: The screening of this criteria has been applied for some of the vehicles, using publicly available information provided by manufacturers. A few manufacturers have done an LCA of their vehicles and assessed the recycling potential. Therefore, just a small number of leased cars fulfil this criterion.
- Pollution prevention and control: Due to lack of available information on tires used in vehicles and the complex structure of Orkla's organisation this criterion was not fulfilled. Therefore, the activity is assessed as not aligned.

7.1 Construction of new buildings

Orkla had several projects in Norway and the EU relating to construction of new buildings in 2022. The Norwegian government has specified that only national definitions can be used to assess compliance with the EU taxonomy criteria. However, as of today, Norway lacks several definitions that are needed to assess alignment of buildings, like Nearly Zero Energy Buildings (NZEB), primary energy demand and energy performance class systems. As a result, none of Orkla’s buildings in Norway can be considered aligned and Orkla has paused the screening until the Norwegian government sets the national definitions needed in the alignment assessments. However, Orkla has identified two projects: one in Spain (Orkla Cederroth SAU) and another one in Denmark that can be possibly aligned with all the criteria. Orkla will conduct a deeper assessment in 2023.

7.2 Renovation of existing buildings

Orkla also performed numerous renovations of buildings in Norway in 2022 and one major renovation in a Latvian factory. Nevertheless, the above-mentioned lack of national definitions has paused the alignment assessment for this activity as well.

7.3 Installation, maintenance and repair of energy efficiency equipment

A large number of Orkla’s factories had costs related to installation, maintenance or repair of energy efficiency equipment in 2022.

Substantial contribution: The measures include new energy-efficient doors, windows, light sources, and ventilation systems, as well as low-water using installations. The components used comply with Directive 2010/31/EU and are rated in the highest two populated classes of energy efficiency in accordance with Regulation (EU) 2017/1369 and delegated acts adopted under that Regulation. Based on this, we consider that this activity meets the substantial contribution criteria for climate mitigation.

Do no significant harm:
- Pollution prevention and control: The materials in this equipment comply with the criteria in Appendix C and do not contain dangerous substances. We therefore consider that our activities do no significant harm to pollution

prevention. Based on information Orkla received from some of its key suppliers, approval and monitoring processes have been implemented with the aim of ensuring compliance with the legislation specified in the DNSH criteria.

7.4 Installation, maintenance and repair of charging stations for electric vehicles in buildings and parking spaces attached to buildings
Substantial contribution: Orkla installed several charging stations for electric vehicles in 2022, and thereby complies with the criteria for climate change mitigation.

Do no significant harm: At this time, the activity only has one DNSH criterion, which is related to climate change adaptation. Orkla has assessed all of our activities as being compliant with this generic criterion, as described below. We therefore conclude that this activity is aligned.

7.5 Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings
A substantial number of Orkla's factories installed, maintained or repaired equipment related to buildings' energy performance in 2022.

Substantial contribution: The measures include new energy management systems, lighting control systems and façade elements with solar shading. Based on this, we consider that this activity meets the substantial contribution criteria for climate mitigation.

Do no significant harm: At this time, the activity only has one DNSH criterion, which is related to climate change adaptation. Orkla has assessed all of our activities as being compliant with this generic criterion, as previously described. We therefore conclude that this activity is aligned.

7.6 Installation, maintenance and repair of renewable energy technologies
Several of Orkla's factories installed, maintained or repaired renewable energy technologies on-site in 2022.

Substantial contribution: The projects related to this activity include installation of solar photovoltaic systems and heat exchanger systems. The activity is therefore assessed as substantially contributing to climate change mitigation.

Do no significant harm: At this time, the activity only has one DNSH criterion, which is related to climate change adaptation. Orkla has assessed all of our activities as being compliant with this generic criterion, as described below. We therefore conclude that this activity is aligned.

7.7 Acquisition and ownership of buildings
Orkla acquired and exercised ownership of several buildings in 2022, but the previously mentioned lack of national definitions has paused the alignment assessment for this activity as well.

Do no significant harm – Climate change adaptation:
We have assessed our activities in light of Appendix I to the Screening Regulation. Seeing as the DNSH criteria for climate change adaptation are generic for all activities, we have assessed the activities' fulfillment of these criteria at Orkla ASA level.

In 2021, Orkla conducted a climate risk assessment in accordance with the TCFD recommendations. This assessment was updated in 2022. Orkla identified temperature and water related climate risks relevant to its business operations. The risks were assessed for three different global warming impact scenarios according to the IPCC5 and NGFS6. The outcome of this vulnerability assessment was that the financial impact was considered low for the risks outlined in Appendix A: Generic criteria for DNSH to climate change adaptation, such as heat stress, water stress, sea level rise and drought. Hence, for the 2022 assessment Orkla has not found it necessary to map relevant adaptation measures. Nonetheless, Orkla has set a target of 30% reduction in water withdrawal and at least 60% energy from renewable energy sources by 2025. These targets are considered to be part of our adaptation and mitigation strategy; a more detailed adaptation plan will be included in the future risk assessment.

Minimum Social Safeguards

Human Rights

The Taxonomy Regulation describes minimum safeguards in line with the principles defined by 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.

Orkla takes great care to ensure that the rights of our workers and other stakeholders are respected in all our activities, and we strive to follow best practices in this area. Orkla’s Human and Labour Rights Policy is based on the UN’s Guiding Principles on Business and Human Rights and on the due diligence requirements described in the new Transparency Act. The policy encompasses all internationally recognized human rights and describes the main principles for how Orkla will handle the human and labour rights that are most relevant to daily operations. The policy also provides guidelines for how companies should carry out due diligence assessments and follow up on these both internally in their own operations and in the supply chain. More information on Orkla’s approach and progress in this area is given in the sustainability section of the Annual Report.

Corruption

Orkla has zero tolerance for corruption and our attitude is expressed explicitly through our Code of Conduct and Orkla’s Supplier and Business Partner Code of Conduct. Orkla's Internal Audit function is responsible for ensuring compliance with the Code of Conduct through its administration of Orkla’s whistleblower system. Furthermore, Orkla regularly reviews and refines its anti-corruption programme. For example, a compliance network, with a compliance coordinator for each company, has been established to support the introduction of the programme and follow up the work. An ongoing e-learning programme on anti-corruption and competition law has also been continued. In addition, Orkla initiated digital risk-based dilemma training for companies in regions that are exposed to corruption risk and for employees in positions exposed to such risk.

Through Orkla’s Supplier Code of Conduct, companies require suppliers to have zero tolerance for corruption, and conduct risk-based monitoring of suppliers. This shows that Orkla complies with the Anti-Corruption requirements of the Minimum Safeguards of the EU Taxonomy.

Tax

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 and policy sets out important requirements and guidelines to which all the companies in the group must adhere. The tax policy is based on the desire for transparency, compliance with regulatory frameworks and good risk management. Orkla companies pay tax in accordance with the laws and regulations in the countries in which they operate. Overall, Orkla complies with the Tax requirements of the Minimum Safeguards of the EU Taxonomy.

Fair Competition

All Orkla employees have accepted the Code of Conduct, which includes a chapter on fair competition. Further, targeted training and awareness activities related to competition laws and regulations are carried out regularly for employees in senior management positions, as well as in other positions identified as being of high relevance. Orkla thus complies with the Fair Competition requirements of the Minimum Safeguards of the EU Taxonomy.

KPIs

The following section seeks to define each taxonomy KPI in Orkla's context.

Turnover

The turnover KPI is calculated as the part of net turnover derived from taxonomy-eligible/-aligned activities divided by the total net turnover. The total net turnover equals the external revenue and relates to Note 9 in the group's consolidated financial statements.

Accounting policies for revenues:

IFRS 15 "Revenue from Contracts with Customers" establishes a theoretical framework for recognition and valuation of the group's revenues in Branded Consumer Goods and Hydro Power. The date on which the revenue is recognised is determined through a five-step model, the main points of which are identification of a contract with the customer, identification of separate performance obligations, fixing of a transaction price, allocation of the transaction price to separate performance obligations and recognition of revenue upon fulfilment of the performance obligations. Recognition means the date on which an amount is to be taken to income and valuation means how much is to be reported in income. An enterprise fulfils a performance obligation by transferring control of the agreed product or service to the customer, and revenue is recognised at the time the performance obligation is fulfilled. Sales revenues from Branded Consumer Goods are presented after deducting discounts, value added tax and other government charges and taxes such as the confectionery tax. The Orkla group sells goods and services in many different markets. Sales revenues from Hydro Power consist of sales of electric power that are taken to income upon delivery. Operating revenues from Financial Investments essentially consist of revenues from property leases. The revenues are recognised in income when earned during the lease period.

Capital expenditures

The CapEx KPI is calculated as the part of CapEx related to assets or developments associated with taxonomy-eligible/-aligned activities divided by the total CapEx.

The total CapEx is defined as 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 in the consolidated financial statements. Disposals/Investments related to assets are reported here and are included in the CapEx. Acquired companies are reported on a different line in the cash flow statement.

Further information regarding CapEx and investments may be found in the section on Alternative Performance Measures (APMs).

Orkla’s eligible CapEx includes CapEx related to assets associated with taxonomy-eligible/-aligned activities, and CapEx related to output from taxonomy-eligible/-aligned activities. As a result of time constraints, CapEx related to a plan to make an activity taxonomy-eligible/-aligned has so far been excluded.

Operating expenses

The OpEx KPI is defined as operational expenses related to taxonomy-eligible/aligned assets or processes divided by the direct non-capitalised cost related to research and development and any other direct expenses relating to the day-to-day maintenance of fixed assets. Other operating expenses directly linked to activities with turnover and activities related to selling, general, and administration are not considered as applicable for the calculation of the OpEx KPI.

The taxonomy requires OpEx to include maintenance, repair and research and development. Any product variable costs (raw materials, change in inventory etc.), as well as any selling, general and administrative costs (SG&A) should be excluded together with any depreciation, amortization, and impairment. If costs are split to define direct expenditures relating to aligned assets and other assets, a best estimate approach should be applied.

In 2022 Orkla’s OpEx, according to the taxonomy is based on today’s possible extraction methods and does not completely comply with the taxonomy definition. Orkla will continue its work during 2023 to adequately extract the OpEx from it’s financial statement applicable to the taxonomy.

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. The other operating costs are related to Note 13 in the financial statements.

Orkla’s eligible OpEx includes OpEx related to assets that are associated with taxonomy-eligible/-aligned activities, and OpEx-related individual measures enabling the target activities to become low carbon or individual building renovation measures. As a result of time constraints, OpEx related to a CapEx-plan to make an activity taxonomy-eligible/-aligned has so far been excluded.

Economic activities

	Revenue		CapEx		OpEx	
Environmentally sustainable activities (Taxonomy-aligned):	Absolute	%	Absolute	%	Absolute	%
Activity 4.16 Installation or operation of electric heat pumps	0	0	155,100	0.005	0	0
Activity 7.3 Installation, maintenance and repair of energy efficiency equipment	0	0	44,603,207	1.55	1,427,932	0.06
Activity 7.4 Installation, maintenance and repair of charging stations for electric vehicles in buildings and parking spaces attached to buildings	0	0	389,445	0.01	0	0
Activity 7.5 Installation, maintenance and repair of instruments and devices for measuring, regulating and controlling energy performance of buildings	0	0	15,029,553	0.52	352,716	0.015
Activity 7.6 Installation, maintenance and repair of renewable energy technologies	0	0	6,078,629	0.21	541,260	0.02
Total taxonomy-aligned activities	**0**	**0**	**66,255,934**	**2.3**	**2,321,908**	**0.1**

Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned):	Absolute	%	Absolute	%	Absolute	%
Activity 4.5 Electricity generation from hydropower	2,636,985,000	4.5	103,066,000	3.58	67,295,900	2.8
Activity 4.16 Installation or operation of electric heat pumps	0	0	3,655,333	0.13	0	0
Activity 4.25 Production of heat/cool using waste heat	0	0	33,124,681	1.15	25,000	0.001
Activity 6.5 Transport by motorbikes, passenger cars and light commercial vehicles	0	0	23,633,163	0.82	4,994,350	0.2
Activity 7.1 Construction of new buildings	0	0	181,149,743	6.3	0	0
Activity 7.2 Renovation of existing buildings	0	0	3,928,695	0.14	9,522,950	0.4
Activity 7.7 Acquisition and ownership of buildings	0	0	4,045,692	0.14	81,838,200	3.45
Total taxonomy-eligible activities	**2,636,985,000**	**4.5**	**352,603,307**	**12.3**	**163,676,400**	**6.9**
Total taxonomy non-eligible activities	**55,754,015,000**	**95.5**	**2,459,140,759**	**85.4**	**2,207,001,692**	**93.0**
Total taxonomy-eligible and non-eligible activities	**58,391,000,000**	**100**	**2,878,000,000**	**100**	**2,373,000,000**	**100**

Orkla