



## Transparency Act Report for 2023

Orkla ASA ("Orkla") is a leading industrial investment company focusing on branded goods and consumer-oriented businesses. This Transparency Act report describes Orkla's activities with respect to human rights and decent working conditions, including due diligence assessments, pursuant to section 5 of the Norwegian Transparency Act.

This report encompasses Orkla ASA and its subsidiaries<sup>1</sup>, and covers the 2023 financial year (1 January to 31 December). In addition, Orkla reports annually on the progress of the group's ESG activities in its Annual and Sustainability Report.<sup>2</sup>

Some subsidiaries lean on Orkla's report in their compliance with the reporting obligations pursuant to the Transparency Act section 5. The reports for these subsidiaries are attached in section 7<sup>3</sup>.

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<sup>1</sup> Subsidiaries are defined as companies in which Orkla ASA's shareholding exceeds 50 per cent.

<sup>2</sup> Orkla's Annual and Sustainability Report for 2023 is available here: [Annual Report – Orkla Norway](#). The Sustainability Report commences on p. 211.

<sup>3</sup> The following directly owned Norwegian subsidiaries are not independently subject to the Transparency Act; Orkla Financial Services AS, Viking Askim AS, Industriinvesteringer AS, Øraveien Industripark AS, Paint Holding AS, Orkla Investeringer AS.

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## 1. About the business

Orkla ASA (Orkla) is a leading industrial investment company focusing on branded goods and consumer-oriented businesses. The company takes a long-term industrial approach to investment and aims to contribute to value creation by combining in-depth brand competence with the mindset of an investment company.

Sustainable growth is a key aspect of Orkla's business strategy. Orkla's overarching ambition as an investment company is to create sustainable value through active ownership. In connection with its conversion into an industrial investment company, Orkla drew up a new strategic platform in 2023. Sustainable value creation is one of this platform's five central pillars. Orkla's long-term sustainability ambition is to create positive change by facilitating a responsible transition to net zero and sustainable production and consumption.

For Orkla, operating responsibly, with respect for people, society, and the environment, is important. Through the application of its governing principles for sustainable and responsible business practices, Orkla wishes to help the companies it owns to manage environmental, social and governance (ESG) issues in a way that ensures responsible business operation, good risk management and long-term value creation.

### 1.1. How the business is organised

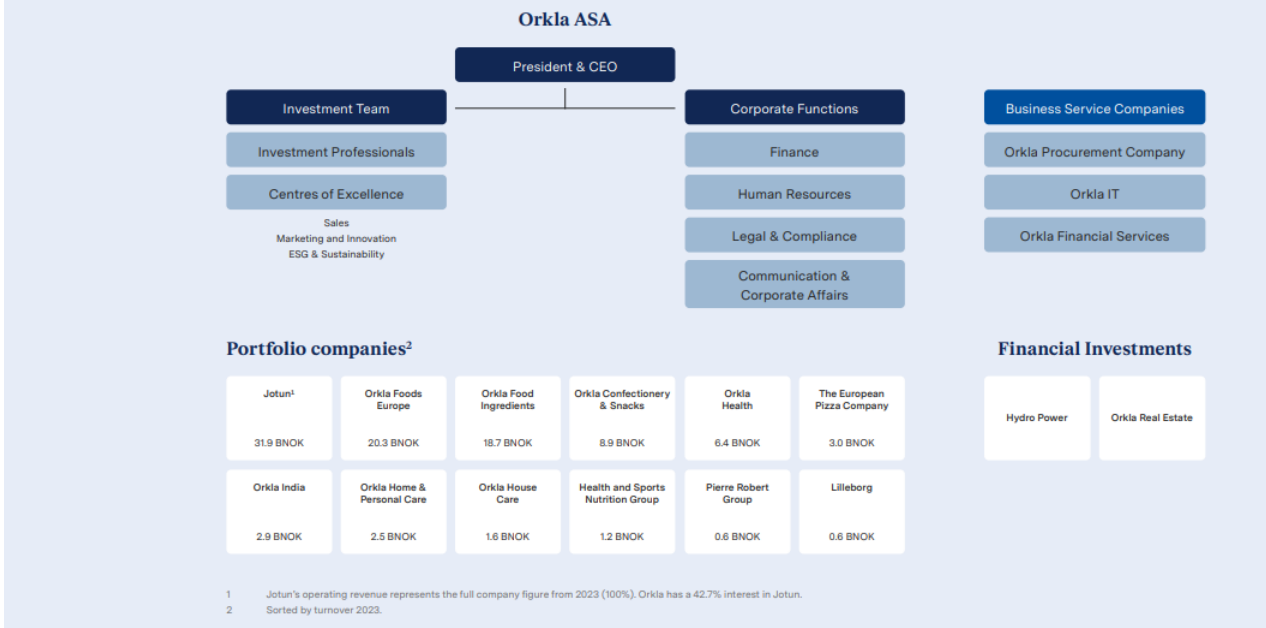
Orkla ASA is the parent company in the Orkla group. The company is a public limited liability company, and its office address is Drammensveien 149, Oslo (Norway). Orkla ASA's business registration number is NO 910 747 711. The company's shares are traded on the Oslo Stock Exchange. Orkla comprises an investment team and shared staff functions which, together, constitute the parent company of the Orkla group.

Orkla is the majority owner of 11 independent portfolio companies, in addition to a 42.7 per cent stake in Jotun A/S. Orkla's portfolio companies' business activities are concentrated largely in the area of branded goods and consumer-oriented products. Orkla also owns three "business service" companies, which afford important synergies across the majority-owned portfolio companies through the provision of IT, procurement, and financial services. Orkla's non-portfolio company investments are organised under Financial Investments and include investments in Hydro Power and Orkla Real Estate. In total, the Group comprises some 280 companies in various parts of the world.

In 2023, Orkla had 19,671 employees across 29 countries. The majority of Orkla companies produce consumer goods and are significant purchasers of products and raw materials. In total, Orkla companies have more than 25,000 direct suppliers, which means that a large number of people are affected by the Orkla group's operations along the entire supply chain.

This transparency report covers Orkla and its subsidiaries. In the following, Orkla's subsidiaries are referred to as "portfolio companies" or just "companies". Jotun's operations are not covered by this report. Jotun prepares its own transparency report, which is available at the company's website via this link: [Transparency Act \(jotun.com\)](https://www.jotun.com/transparency-act).

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



## 1.2. Orkla's investment portfolio

### 1.2.1. Orkla's industrial portfolio companies

- Orkla Foods Europe AS**  
 Orkla Foods Europe supplies well-known local brands to consumers in the Nordic and Baltic regions as well as Central Europe. It has a particularly strong presence in product categories such as pizza, ketchup, soups, sauces, sandwich fillings and cold cuts, and ready-to-eat meals. Orkla Foods Europe has production facilities in the Nordic and Baltic regions, Austria, the Czech Republic and Hungary.
- Orkla Foods Ingredients AS (OFI)<sup>4</sup>**  
 OFI supplies bakery, ice cream and plant-based ingredients to a wide range of customers. The company has a leading position in Europe and a platform for growth in the USA, through Denali. Around 63 per cent of OFI's revenues derive from self-produced products, which are manufactured primarily in the Nordic region, but also in the USA, Netherlands, Poland, the UK, Romania and Portugal, as well as some smaller facilities in Central and Eastern Europe.
- Orkla Confectionery & Snacks AS**  
 Orkla Confectionery & Snacks supplies well-known local brands in the product categories sweets, biscuits and snacks to consumers in the Nordic and Baltic regions. Brands include KiMs, Nidar, Stratos, Sætre, Göteborgs Kex, OLW, Panda, Laima, Selga, Taffel, Kalev and Nõi Sírfius. Production takes place primarily in the Nordic and Baltic regions.
- Orkla Health Holding AS**  
 Orkla Health supplies healthcare products to consumers via a portfolio of strong, well-known local and global brands. Its main markets are in the Nordic and Baltic regions, the UK, Poland and Spain. It also has a growing international presence, with distribution to more than 60 markets. The company's main product categories are dietary supplements, oral hygiene, first-aid and functional personal care products. The company produces its own dietary supplements, oral hygiene products, suncreams and antiperspirants in Norway and Denmark,

<sup>4</sup> In the fourth quarter 2023, Orkla announced the sale of 40 per cent of Orkla Food Ingredients AS to an investment fund associated with Rhône Group L.L.C.

and oral hygiene products in Malaysia. First-aid products are manufactured in Spain and Norway. In addition, Orkla Health and the subsidiary NutraQ purchase trade goods primarily from Europe.

- **The European Pizza Company BV (TEPC)**  
TEPC is a Dutch company that owns the pizza franchise concepts Kotipizza (Finland), New York Pizza (Benelux and Germany) and Da Grasso (Poland). TEPC also owns some associated wholesale activities. New York Pizza produces pizza dough in the Netherlands for its own operations and for sale to third parties. TEPC does not operate in Norway and therefore has no independent duty to report under the Norwegian Transparency Act. However, it is encompassed by this report as part of the Orkla group.
- **Orkla India Private Ltd**  
Orkla India supplies Indian consumers with a wide range of food products, focusing on spices and spice blends, via well-known local brands with roots in the south of the country. Orkla India has 11 factories and exports to 42 countries. Orkla India does not operate in Norway and therefore has no independent duty to report under the Transparency Act. However, it is encompassed by this report as part of the Orkla group.
- **Orkla Home & Personal Care AS (OHPC)**  
OHPC is a leading supplier of laundry detergents, household cleaning products and personal care products in the Nordic region, with strong local brands and a local supply chain. The portfolio company has its own production facilities in Norway and Sweden, and also purchases trade goods – primarily from Europe.
- **Orkla House Care Norge AS**  
Orkla House Care is a leading developer, producer and seller of painting tools and related accessories in Northern Europe. Orkla House Care's brands include Jordan\*, Anza, Harris, Hamilton, SAM and Spekter. Orkla House Care concentrates on producing its own products, primarily in the Nordic region, the UK and China.
- **Health and Sports Nutrition Group AB (HSNG)**  
HSNG is engaged in the Nordic sports nutrition market via market leading D2C platforms. HSNG also supplies brands such as Star Nutrition. HSNG's platforms include Bodystore, Gymgrossisten and Proteinfabrikken. HSNG has its own production facilities in Sweden and imports trade goods primarily from Europe. HSNG is a Swedish company and does not have sufficient activity in Norway to have an independent duty to report under the Transparency Act. However, it is encompassed by this report as part of the Orkla group.
- **Pierre Robert Group AS**  
Pierre Robert designs comfortable, high-quality basic garment for men, women, and children. The garments are sold in grocery trade in Norway and Finland, as well through selected third-party retailers. They may also be purchased directly online. Pierre Robert's garments are not made in-house but primarily in Italy and China.
- **Lilleborg AS**  
Lilleborg is a leading supplier of effective and sustainable hygiene and cleaning solutions for use by professional and industrial customers in Norway. Lilleborg purchases trade goods primarily from Europe. It also purchases goods produced by OHPC in Norway.
- **Jotun A/S**  
Jotun is one of the world's leading manufacturers of paint and powder coatings. Jotun has a presence in over 100 countries and every continent. Orkla owns 42.7 per cent of the shares in Jotun A/S. Jotun is therefore not covered by this report. The company's independent transparency report may be found at [Transparency Act \(jotun.com\)](https://www.jotun.com).

### 1.2.2. Orkla's business service companies

Orkla's business service companies are independent legal entities that provide invoiceable services to the majority-owned portfolio companies and to Orkla.

- **Orkla Procurement AS**  
Orkla Procurement provides procurement-related services, including tools and systems for responsible purchasing. It also supports the portfolio companies' endeavours relating to due diligence assessments, supplier follow-up and the certification of high-risk raw materials.
- **Orkla IT AS**  
Orkla IT constitutes a centralised IT environment and supplies products and services to Orkla and its subsidiaries. The company has over 150 employees and works primarily out of Oslo.
- **Orkla Financial Services AS**

Financial Services is serving the Orkla companies with accounting, tax and payroll services. The company does not have an independent reporting obligation under the Transparency Act but is covered by Orkla's report.

### 1.2.3. Orkla's financial investments

- **Orkla Energi AS**  
Orkla Energi AS is Orkla's power generating business and comprises two main assets: the conventional (dammed) hydropower plant at Sauda (85 per cent shareholding) and the run-of-river hydropower plant at Sarpsfossen.
- **Orkla Eiendom AS**  
Orkla's real estate business focuses on investment in and the development and sale of real property. The company's portfolio comprises rental properties and property development projects. The rental properties total approx. 40,000 m<sup>2</sup>, of which around 13,000 m<sup>2</sup> are leased to third-party tenants, while the remainder is leased to Orkla and Orkla's portfolio companies. The property development projects comprise residential projects at Torshov in Oslo and in Larvik, in addition to the redevelopment of Orkla's former biscuit factory in Kungälv, Sweden.

## 2. Guidelines and governing principles

### 2.1. Orkla's guidelines with respect to fundamental human rights and decent working conditions

Orkla's guidelines with respect to human rights and decent working conditions are rooted in its governing documents. These include Orkla Code of Conduct, Orkla Supplier Code of Conduct, Orkla's human and labour rights policy and Orkla's governing principles for sustainable and responsible business practice.

Orkla's ethical guidelines (Code of Conduct) have been formally adopted by Orkla's board of directors and apply to Orkla, its subsidiaries and everyone who works for the Orkla group. This includes employees at all levels, board members, temporary staff, consultants, building contractors and anyone else who acts on behalf of or represents Orkla. Orkla's ethical guidelines include a commitment to safeguard human rights and decent working conditions, including the performance of due diligence, and to strive for improvement.

Orkla's governing principles for sustainable and responsible business practice have been formally adopted by Orkla's board of directors. These principles require the companies to comply with Orkla's human and labour rights policy, establish guiding principles, targets, plans, guidelines, and procedures to safeguard human rights and decent working conditions, as well as perform due diligence with respect to people and the



environment, in line with relevant regulations and principles set out in the OECD Due Diligence Guidance for Responsible Business Conduct.

The due diligence procedures must provide guidelines for the performance of risk assessments and improvement activities, the handling of complaints/grievances, the monitoring of progress, and external communication.

### **2.1.1 Responsibility**

Orkla's ethical guidelines and governing principles for sustainable and responsible business practice are approved annually by Orkla's board of directors. The boards and CEOs of the portfolio companies must ensure that the ethical guidelines are implemented and complied with. The same applies to all internal guidelines and guidelines encompassing the principles set out in the ethical guidelines. Orkla's board and the board of directors of each Orkla company have ultimate responsibility for monitoring how the ethical guidelines are applied in practice. The CEO of each Orkla company must ensure that their employees are made aware of and comply with the guidelines and that they receive annual training thereon.

Orkla follows up the portfolio companies' endeavours with respect to sustainable and responsible business operations through participation in their boards of directors, competence networks and sustainability-related functions, as well as through internal reporting. Orkla's board follows up the work on sustainability through an annual assessment of progress and discussions concerning individual matters deemed material for the operation. The board also discusses Orkla's annual sustainability reporting, including progress in the area of due diligence and assessment of the group's dependencies, impacts, risks and opportunities relating to the climate, water, forests, nature and human rights.

The boards of the portfolio companies and other directly owned companies are responsible for ensuring that their operations are conducted in compliance with relevant regulations and Orkla's ethical guidelines and governing principles for sustainable and responsible business practice. The portfolio companies' CEOs are responsible for establishing management procedures, targets, and action plans for their sustainability-related efforts in line with Orkla's ethical guidelines and governing principles for sustainable and responsible business practice.

## **2.2. Risk of actual negative consequences for fundamental human rights and decent working conditions within the Orkla group**

Since Orkla, the Orkla group's parent company, is an industrial investment company whose operations are limited to investment and the exercise of shareholder influence, the risk of abuse of fundamental human rights and decent working conditions in the parent company's own operations is considered to be low. The company incurs risk in this respect primarily through its investments and the portfolio companies' own operations and supply and value chains.

## **2.3. Guidelines and procedures for the Orkla group's own workforce**

Orkla's human and labour rights policy establishes clear guidelines for important issues relating to its own workforce. These include diversity, equality, and inclusion, working conditions, occupational, health and safety, and competence development.

Orkla's governing principles for sustainable and responsible business practice require that the portfolio companies perform an annual risk assessment on their own organisations, to verify their compliance with the principles set out in Orkla's human and labour rights policy<sup>5</sup>. In 2023, 91 per cent of Orkla's portfolio and other directly owned companies performed such an assessment in conjunction with their subsidiaries.

### **2.3.1 Diversity, equity and inclusion**

Orkla's human and labour rights policy establishes clear guidelines for how its companies should address the issue of diversity and non-discrimination. The companies must work systematically to promote diversity in the workplace and prevent discrimination on the grounds of gender, religion, race, national or ethnic origin,

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<sup>5</sup> [Orkla-Human-and-Labour-Rights-Policy.pdf](#)





cultural background, caste, social group, disability, sexual orientation, marital status, age or political opinions. The companies must promote a culture in which personal differences are respected and valued. They must also promote equal opportunities with respect to recruitment, compensation and benefits, promotion and training.

The majority of the companies' business units have procedures in place to avoid unintentional discrimination with respect to pay and promotion, while most business units have procedures to avoid unintentional discrimination when recruiting. Such procedures include, for example, strict routines for HR and recruitment processes, frameworks for the determination of salary, pay rates negotiated by trade unions, pay surveys, benchmarking of pay systems, the inclusion of both genders in recruitment teams, structured job interviews and objective candidate skills tests.

### **2.3.2 Working conditions**

Orkla's human and labour rights policy covers multiple issues relating to employment terms and conditions, including freedom of opinion and expression, regulated working hours, written employment contracts and procedures for employee participation. Orkla values open, fact-based, honest and respectful communication, and wishes all its companies to make it easy for employees and third-party stakeholders to raise concerns. The companies should also ensure that their stakeholder dialogue is conducted in a respectful, fair and professional manner.

The companies' surveys of compliance with Orkla's human and labour rights policy in 2023 found no serious risk of labour rights abuses in their own operations. All the companies consider that children's rights and the rights to unionise and participate in free collective bargaining are at little risk of violation. Forced labour does not occur in Orkla's companies. Most of the companies do not employ people under the age of 18. The companies that do so comply with national regulations to ensure safe working conditions for their young employees.

### **2.3.3 Occupational health and safety**

Orkla's human and labour rights policy requires group companies to do their utmost to protect the health and safety of their employees and others associated with their operations. All Orkla companies must commit to the vision of zero personal injuries and strive systematically to create safe, healthy, and attractive workplaces. In addition to the annual overarching assessment of human rights risk, the companies perform systematic and more detailed risk assessments relating to the working environment, health, and safety in their day-to-day operations.

### **2.3.4 Training and competence development**

Orkla's human and labour rights policy requires the companies to invest in competence development to ensure that their employees have the expertise needed to make use of new technologies and new working methods.

## **2.4. Guidelines and procedures for due diligence in the supply chain**

The Orkla Supplier Code of Conduct describes Orkla's ethical requirements and expectations with respect to its suppliers. The requirements are based on the Universal Declaration of Human Rights, the ETI Base Code and the Ten Principles of the UN Global Compact. The Supplier Code of Conduct explicitly prohibits acceptance of child or forced labour and covers the right to freedom of association and free collective bargaining, acceptable employment terms, adequate pay, a good work-life balance, health and safety, and equal opportunities. In collaboration with Orkla Procurement, group companies implement measures to secure compliance with these principles through dialogue with suppliers, supplier self-assessments and ethical audits.

Orkla Procurement provides the companies with advice, tools and systems for responsible procurement, and supports their endeavours relating to due diligence assessments, supplier follow-up and the certification of high-risk raw materials. The companies take a risk-based approach in order to work effectively with Orkla's many suppliers and ensure responsible business practice. This approach requires them to have risk-assessment, supplier follow-up and reporting procedures.





In the area of responsible procurement, the companies prioritise the suppliers and supply chains where the risk of non-compliance with the Orkla Supplier Code of Conduct<sup>6</sup> is greatest. In collaboration with Orkla Procurement, the companies perform an annual risk assessment on their suppliers, based on criteria relating to employment terms, occupational health, safety and environment, and ethical business practice. High-risk suppliers undergo a more detailed risk assessment, using a standardised methodology developed by the responsible sourcing organisation Sedex. The method involves the completion of a self-assessment form and, when considered necessary, an ethical audit based on the SMETA framework. With respect to high-risk materials, the companies select suppliers that maintain high standards and have their own sustainability programmes. In addition, the companies often use third-party certification standards that include requirements and monitoring procedures for specific risk factors.

#### **2.4.1. Cooperation and partnership**

As part of Orkla's efforts to meet the challenges associated with human rights and environmental protection, Orkla Procurement participates actively in industry-wide initiatives involving companies, public authorities and centres of expertise. Examples of the latter include Ethical Trade Norway, AIM-Progress, Sedex and the Sustainable Agriculture Initiative (SAI) Platform. Pierre Robert Group, Orkla House Care, Orkla Health, Lilleborg, Orkla Foods Norge and Orkla Confectionery & Snacks Norge are all members of Ethical Trade Norway and report annually on the progress of their work to this organisation.

### **3. Actual adverse impacts on fundamental human rights and decent working conditions within the Orkla group**

Orkla's due diligence assessments in 2023 have documented no actual adverse impacts on fundamental human rights and decent working conditions within its own business operations, subsidiaries, other investments, or supply chains.

## **4. Material risk of adverse impacts and mitigating measures**

### **4.1. Material risk of adverse impacts found in the portfolio companies' own business operations**

The portfolio companies' annual risk assessments in 2023 found no high risk of adverse impacts in the areas covered by Orkla's ethical guidelines and human and labour rights policy. Nor were any formal complaints or cases<sup>7</sup> relating to Orkla's ethical guidelines and human and labour rights policy, or other possible human rights abuses in the group's own business operations, reported in 2023.

Several of the portfolio companies identified improvement areas relating to diversity, discrimination, and decent working conditions, including a living wage. Gaps were revealed in women's salary as a percentage of men's salary (overall compensation) in 2023. In Orkla's assessment, there is a low risk that this gap is due to discrimination. Nevertheless, further analyses will be performed in 2024 to uncover the real reason for the gap.

Orkla has a large number of people working in production, and therefore has a high inherent risk of work-related injuries. In 2023, no injuries were documented as being related to the abuse of human or labour rights. However, due to the large number of production workers in several European and Asian countries, the risk of potential human rights abuses is considered material.

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<sup>6</sup> [Orkla-Supplier-Code-of-Conduct.pdf](#)

<sup>7</sup> This encompasses more serious reports alleging violation of the Orkla group's guidelines and/or local laws.

#### 4.1.1. Working conditions – living wage

The portfolio companies' risk assessments revealed a risk that the starting salary for certain positions at a small minority of business units may be lower than that deemed to be the national living wage. Although these companies offer a starting salary equivalent to the national minimum wage, high inflation and cost-of-living raises mean there is a risk that the national minimum wage is insufficient to meet fundamental needs.

##### Mitigating measures

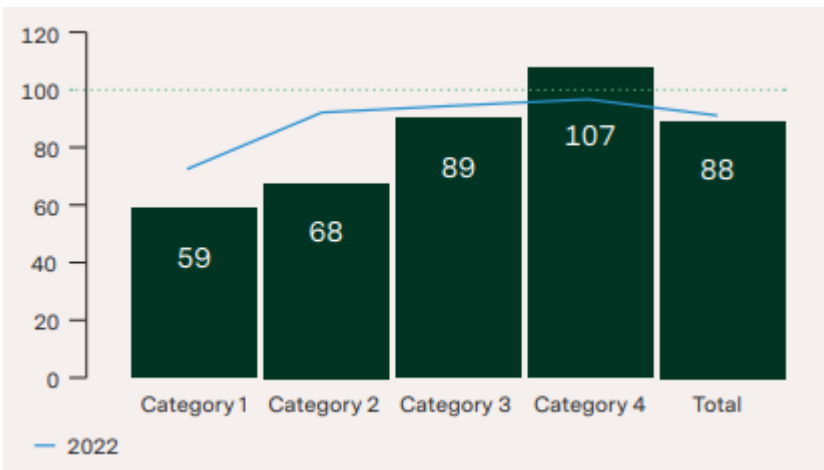
Several of the companies made additional pay adjustments in different markets in 2023 to compensate for the employees' increased living costs. None of the companies in the Orkla group pay less than the national minimum wage, and the starting salary in many of the companies is materially higher. In 2023, Orkla House Care's UK business, LG Harris & Co Ltd, renewed its accreditation as a Real Living Wage Employer. To improve employees' pay situation in certain countries suffering from high rates of inflation, Orkla Health, Orkla Confectionery & Snacks and Orkla Food Ingredients perform wage audits. Companies with collective agreements set pay levels by means of negotiation. In 2023, around 50 per cent of all permanent employees were covered by collective agreements. Salaries paid to other employees are determined by means of a benchmarking tool that includes factors such as country, business sector, type of position and competition in the labour market.

#### 4.1.2. Mapping of salary differences and parental leave

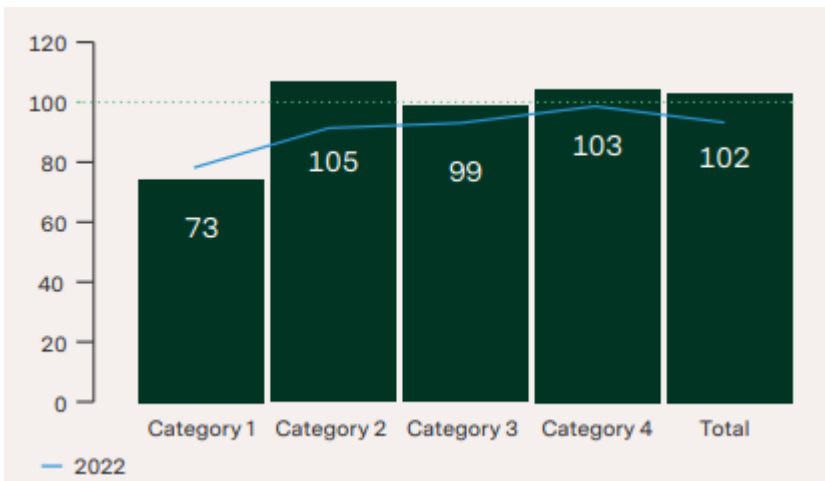
Every year, Orkla's portfolio companies map salary differences, the gender balance in part-time and temporary positions, and use of parental leave in order to work systematically to rectify disparities.

In 2023, we uncovered gender-based pay disparities in our own operations which may constitute a potential adverse impact. These are assessed as potential, as we have not found evidence that differences in pay between men and women are due to discrimination.

*Women's salary as a percentage of men's salary (total compensation).*



*Women's salary as a percentage of men's salary in Orkla's Norwegian companies*



*Categories of positions*

Category 1	The management teams in the companies, excluding CEO
Category 2	Other managers
Category 3	Salaried employees (employees with a theoretical background)
Category 4	Employees with technical training/background

**Mitigating measures**

Global reporting for Orkla group is based on the reporting standard GRI 405-2. On average, women’s fixed salary corresponds to 82 per cent of men’s salary. With respect to total compensation (fixed salary plus bonuses), women receive on average 88 per cent of men’s income. In 2024, Orkla will follow this up more closely in order to discover the causes of this difference and which mitigating measures may be implemented to reduce the gap if it cannot be explained by legitimate factors such as length of service, experience or type of position.

The majority of the Norwegian companies in Orkla have performed more extensive assessments, pursuant to the requirements of the Norwegian Equality and Anti-Discrimination Act. These show that, on average, the total compensation received by women employed by the Norwegian companies is the same as that received by men, and that the work that has been done to rectify previous discrepancies has produced the desired effect. In connection with last year’s wage negotiations, for example, Orkla provided room to exceed the framework for pay increases for women who receive a lower salary than men in equal or equivalent positions. However, Orkla is still seeing a difference among executives in Category 1, where women earn 73 per cent of men’s total compensation. Although some of this may be attributed to length of service, experience and type of position, Orkla will continue to focus on the gaps to even out any differences that cannot legitimately be explained.



### 4.1.3. Diversity, equity and inclusion

The portfolio companies' annual risk assessments revealed that some companies were at medium risk with respect to diversity and discrimination. Examples include the risk of discrimination during recruitment processes, the determination of salary and facilitation for employees with disabilities.

#### Mitigating measures

The majority of the portfolio companies have procedures in place to avoid unintended discrimination with respect to pay and promotion, as well as as well as procedures to avoid unintended discrimination with respect to recruitment. Examples include frameworks for the determination of salary, pay rates negotiated by trade unions, pay surveys, benchmarking of pay systems, the inclusion of both genders in recruitment teams, structured job interviews and objective candidate skills tests.

### 4.1.4. Occupational health and safety (EHS)

Orkla's vision is to have zero injuries, and all portfolio companies strive continuously to prevent accidents. Several portfolio companies are seeing a rise in the frequency of injuries, and the number of injuries in the Orkla group overall increased in 2023. The lost-time injury frequency rate<sup>8</sup> totalled 4.4 in 2023, while the total injury frequency rate<sup>9</sup> totalled 6.4, compared with 3.8 and 5.9 respectively in 2022.

#### Mitigating measures

All of Orkla's portfolio companies strive continuously to reduce the risk of injury. Several of the companies (Orkla India, Orkla House Care, Orkla Home and Personal Care, Orkla Foods Europe and Orkla Confectionery & Snacks) staged EHS awareness weeks in 2023. The objective of such events is to strengthen employee engagement and involvement in the development of the corporate culture needed to realise Orkla's vision of zero injuries. Important topics were vehicle safety, culture building, mental health and work-life balance.

Lilleborg undertakes systematic training and follow-up of all employees with respect to risk factors relating to the handling of chemical substances. Orkla House Care, Orkla India, Orkla Health, several companies in Orkla Foods Europe, Orkla Confectionery & Snacks and several companies in Orkla Food Ingredients have completed "EHS dialogues" in 2023. An EHS dialogue is a structured conversation between a supervisor and an employee to promote health and safety and ensure a good working environment.

## 4.2. Material risk of adverse impacts found in the Orkla group's supply chains

Several of Orkla's portfolio companies have extensive and complex supply chains, while the Orkla group is a major purchaser of many raw materials. This entails a significant indirect impact on both workers at direct suppliers and those employed in the production of raw materials. It also offers an opportunity to influence suppliers' business practices in a positive direction. Several raw materials originate in countries where poverty, weak government systems and a lack of good infrastructure create a risk of poor pay and working conditions, as well as serious human rights abuses, such as child and forced labour.

### 4.2.1. The most salient human rights issues in the Orkla's supply chains

In 2023, on the basis of a risk assessment of suppliers and geographic and sector-related risk factors relating to raw materials production, Orkla identified the five most salient human rights issues relating to the portfolio companies' supply chains.

Orkla's definition of the most salient human rights issues is drawn from the UN Guiding Principles on Business and Human Rights (UNGPR) Reporting Framework, which reads: "A company's salient human rights issues are those human rights that stand out because they are at risk of the most severe negative impact through the company's activities or business relationships."

<sup>8</sup> No. of lost-time personal injuries per million hours worked

<sup>9</sup> No. of lost-time personal injuries requiring medical treatment or reducing an employee's capacity for work per million hours worked

Orkla's most salient human rights issues:



### Occupational health and safety

Orkla wishes to promote safe employment and working conditions in its portfolio companies' supply chains. The Orkla Supplier Code of Conduct requires suppliers to provide their employees with safe and healthy working conditions, including the provision of personal protective equipment, drinking water, adequate sanitation, lighting, temperature and ventilation, and training with respect to health and safety. These requirements are followed up through dialogue with suppliers, supplier self-assessments and, in some cases, ethical audits. Nonconformities relating to safety (inadequate fire exits), workers' health and chemicals-handling have, for example, been found at various suppliers. When a nonconformity has been identified, the supplier must prepare a corrective action plan to close the matter before the specific deadline set by the portfolio company concerned.

### Child labour

The Orkla Supplier Code of Conduct requires that child labour be prohibited and prevented, and that suppliers take all steps necessary to ensure that no child labour is used in their own production facilities or other premises, or by those operated by their subcontractors. Unfortunately, the procurement of certain raw materials entails a risk of child labour in connection with the materials' production. Where the use of child labour has been identified as an inherent risk, some portfolio companies use the Child Labour Monitoring and Remediation System (CLMRS) in their supply chains.

The portfolio companies purchase certified and traceable raw materials as part of their efforts to prevent and eliminate child labour in high-risk supply chains. The Rainforest Alliance, which the companies use in connection with the purchase cocoa, is an example of a certification standard that includes specific guidelines to reduce the risk of child labour. Nevertheless, certification is no guarantee that child labour does not occur. Orkla therefore expects its portfolio companies to choose their suppliers carefully and engage in relevant partnership initiatives to prevent child labour.

### Forced labour

The Orkla Supplier Code of Conduct requires that the portfolio companies' suppliers do not permit the use of forced labour, involuntary labour, exploitative convict labour, slave labour or the victims of human trafficking. Despite this requirement, there is an inherent risk of forced labour in some of the companies' supply chains. Engaging in preventive activities is hampered by the fact that these supply chains may comprise a great many subcontractors. The portfolio companies' primary approach is therefore to buy raw materials certified by third parties in accordance with standards that focus on the prevention of forced labour. The portfolio companies endeavour to select suppliers that work systematically and actively to reduce the risk of forced labour.

### Living wage

The Orkla Supplier Code of Conduct requires that the portfolio companies' suppliers provide pay and social benefits that, at minimum, meet national legal standards or industry standards, whichever is the higher. Pay must be sufficient to meet fundamental needs and provide a certain discretionary income. Social benefits must, at minimum, comply with national law or applicable industry standards, whichever is the higher. By purchasing certified raw materials, the portfolio companies help boost farmers' incomes. The companies



endeavour to select suppliers that work systematically and actively to safeguard human rights and decent working conditions. Some of the portfolio companies have their own sustainability programmes that also encompass matters relating to the living wage.

Some of Orkla’s portfolio companies took steps in 2023 to promote a living wage in their supply chains. For example, Pierre Robert Group launched a project relating to the living wage at its suppliers.

### Freedom to unionise and free collective bargaining

The Orkla Supplier Code of Conduct establishes that all employees have the right to organise or join a trade union, engage in free collective bargaining, seek representation and join workers’ councils, in accordance with local legislation and international conventions.

Some of the countries and regions in which the portfolio companies purchase raw materials place restrictions on trade unions and trade union membership. Orkla is working with NGOs, industry organizations and other stakeholders to understand how portfolio companies may improve the situation. Going forward, Orkla will offer guidance to its portfolio companies in order to increase awareness of this issue.

### 4.2.2. Nonconformities at direct suppliers

In 2023, the portfolio companies partnered with Orkla Procurement to perform social and environmental risk assessments of all new suppliers. More suppliers were audited in 2023 than in 2022, while the number of nonconformities identified remained more or less the same. The majority of nonconformities were found in the areas of health and safety, working hours, management systems and pay. The work to close outstanding nonconformities is making good progress and remains ongoing.

#### Key figures relating to responsible procurement

Indicator reference	Indicator	Unit	2023	2022	2021
GRI 308-1	Share of new suppliers screened for environmental risk	%	100	100	100
GRI 308-2	Suppliers screened for environmental risk through audit or self-assessment	Antall	109	64	66
GRI 308-2	Suppliers with identified environmental non-compliances	Antall	6	8	11
GRI 308-2	Share of suppliers with environmental non-compliances where improvement has been agreed	%	100	100	100
GRI 308-2	Share of environmental non-compliances that have been remedied	%	85	50	71
GRI 308-2	Share of suppliers with environmental non-compliances where the agreement has been terminated	%	0	0	0
GRI 414-1	Share of new suppliers screened using social criteria	%	100	100	100
GRI 414-2	Suppliers screened using social criteria through audit or self-assessment	Antall	109	64	66
GRI 414-2	Suppliers with identified social non-compliances	Antall	45	48	52
GRI 414-2	Share of suppliers with social non-compliances where improvement has been agreed	%	100	100	100
GRI 414-2	Share of social non-compliances that have been remedied	%	62	73	66
GRI 414-2	Share of suppliers with social non-compliances where the agreement has been terminated	%	0	0	0
GRI 204-1	Share of sourcing from local suppliers <sup>1</sup>	%	56	56	56

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

### 4.3. Orkla’s most important high-risk raw materials – risks and mitigating measures

Several of Orkla’s portfolio companies purchase individual raw materials associated with high inherent and well-known risks relating to human rights and decent working conditions, low environmental standards, and less stringent business practices than in more mature markets. Orkla’s portfolio companies are working with due diligence to prevent and limit potential adverse impacts on human rights and decent working conditions and engage actively to resolve challenges in their supply chains.



### 4.3.1. Cocoa

Cocoa is a key raw material in the production of chocolate and is used in a number of local chocolate brands within Orkla's portfolio companies in the Nordic and Baltic regions.

#### Risks

The cocoa sector in West Africa, particularly Côte d'Ivoire (Ivory Coast), is facing serious challenges in the form of poverty, low productivity, human rights abuses, and environmental degradation. While consumption of chocolate has risen globally in recent years, cocoa production has fallen as a result of small harvests, a lack of agricultural expertise, pests and diseases. Serious problems such as child labour, deforestation and soil impoverishment are associated with underlying issues such as poverty, low prices, inadequate infrastructure, and weak supervisory authorities.

#### Mitigating measures

The food-producing companies are approaching their target of certifying all cocoa in accordance with the Rainforest Alliance Certified programme. In 2023, 95 per cent of the cocoa used was certified (Segregated, Mass Balance). Orkla Confectionery & Snacks and Orkla Foods Europe have achieved 100 per cent certification, while Orkla Food Ingredients achieved 82 per cent certification in 2023. Around 56 per cent of the cocoa ingredients used in Orkla-companies' own chocolate production was traceable. This is an increase from 2022.

In 2023, Orkla was assessed by the organisation Mighty Earth, which performs an annual assessment of initiatives to promote responsible cocoa production among companies in the chocolate industry. Orkla scored lower in 2023 than previously. Going forward, therefore, the company will explore additional initiatives in the areas of traceability, living wage and child labour. The companies' plan for 2024 is to continue their transition to certified, traceable cocoa.

### 4.3.2. Palm oil

Orkla's use of palm oil is associated primarily with the companies in Orkla Food Ingredients, which use it in the production of margarine.

For many years, the companies in Orkla Foods Europe and Orkla Confectionery & Snacks have engaged actively in product development in order to replace palm oil with alternative raw materials.

#### Risks

Palm oil is associated with the risk of deforestation, which leads to greenhouse gas emissions and the destruction of natural ecosystems, with consequent loss of biodiversity. Palm oil is also associated with the risk of labour rights abuses, particularly in connection with the cultivation of oil palms.

#### Mitigating measures

Orkla's goal is for 100 per cent of the palm oil purchased by its portfolio companies to be certified by 2025. The companies that purchase palm oil use the Roundtable on Sustainable Palm Oil (RSPO) certification scheme to reduce the risk of deforestation and human rights abuses in the value chain. Within the Orkla group, palm oil is used by Orkla Food Ingredients, Orkla India, Orkla Home and Personal Care and Lilleborg, all of which are working to ensure that the palm oil, palm kernel oil and palm-based derivatives they buy are RSPO certified. In 2023, 96 per cent of the palm oil they purchased was certified (RSPO SG, RSPO MB and RSPO Credits).

Some of the portfolio companies switched from sunflower oil to palm oil in 2022, due to supply issues relating to the war in Ukraine. These switched back to sunflower oil in 2023. This has reversed the increase in palm oil consumption for the period 2021–2022. In 2024, the companies will partner with their suppliers to work towards meeting the requirements in the forthcoming EU Deforestation Regulation. In addition, the companies will continue striving to increase the proportion of RSPO-certified palm oil in their product portfolios.



### 4.3.3. Nuts

Nuts are an important ingredient in many of the portfolio companies' products. In total, companies in the Orkla group purchase seven different types of nuts.

#### *Cashew nuts*

##### **Risks**

The production of cashew nuts entails a risk of poor working conditions and there is little traceability in the supply chain. Orkla estimates that around 90 per cent of the cashew nuts purchased by its portfolio companies are cultivated in West Africa and processed in Vietnam.

##### **Mitigating measures**

It is difficult to ensure that cashew nuts are produced sustainably because there are no certification schemes that are sufficiently comprehensive or quality assured. Despite the challenges relating to certification and traceability, Orkla's goal is for 100 per cent of its cashew nuts to be verified as sustainably produced and to meet the Farm Sustainability Assessment (FSA) criteria at the silver level by 2025.

For several years, Orkla Confectionery & Snacks in Norway and Denmark have partnered with Orkla Procurement as part of a project run by Ethical Trade Norway, which is developing sustainable cashew nut supply chains in Vietnam. From 2018 to 2021, the project focused on managing sustainability risks identified in a baseline study in 2018. This included the training of both farmers and producers in good agricultural practices and labour standards. The second phase of the project runs from 2022 to 2024 and focuses on upscaling the training of farmers in good agricultural practice, environmental management and labour standards, exploring sustainable links in the supply chain and training and supporting cashew producers and their sub-suppliers with respect to labour standards and social dialogue. Furthermore, some of the portfolio companies are still working with suppliers to benchmark their projects against the FSA. It is hoped that this will produce positive results in 2024.

#### *Hazelnuts*

##### **Risks**

The cultivation of hazelnuts may entail challenges such as low productivity, atrocious living and working conditions for seasonal workers and cases of child labour. The biggest challenges relating to cultivation are found in areas around the Black Sea.

##### **Mitigating measures**

Orkla's goal is for all the hazelnuts purchased by its portfolio companies to be Rainforest Alliance certified or produced in accordance with standards that meet the FSA criteria at the silver level by the close of 2025. In 2023, 60 per cent of the hazelnuts used by Orkla's portfolio companies were Rainforest Alliance certified. This is the same as in 2022. For Orkla Foods Europe, the share was 95 per cent, for Orkla Confectionery & Snacks 60 per cent, and for Orkla Food Ingredients 18 per cent. In the period 2022–2023, Orkla Procurement worked with the Rainforest Alliance and the portfolio companies' suppliers in Italy to establish this certification scheme among Italian producers.

### 4.3.4. Soya

Soya is used as a source of protein in several of the Orkla companies' plant-based products.

##### **Risks**

Growing demand for soya may lead to deforestation, particularly in countries such as Brazil, which accounts for much of the world's soya production. Deforestation leads to greenhouse gas emissions, loss of biodiversity and the risk of Indigenous people's rights being violated. Orkla's portfolio companies purchase the bulk of their soya protein from countries with a low risk of deforestation in Europe and North America. Around 80 per cent of global soya production is used in animal feed and only a small proportion of the overall output is certified.



### **Mitigating measures**

Orkla's goal is for 100 per cent of the soya purchased to be certified by 2025. In 2023, 78 per cent of the soya purchased by Orkla's portfolio companies was certified in accordance with the following certification schemes Roundtable on Responsible Soy (RTRS), ProTerra, Donau Soja, Field to Market, ISCC, FSA Silver or equivalent standards.

#### **4.3.5. Wild berries**

Orkla's portfolio companies purchase very little wild berries, although wild blueberries, cranberries and cloudberries are used in some of Orkla Foods Europe's products – primarily jams and preserves.

### **Risks**

Working conditions for wild-berry pickers may sometimes be problematic. In addition to non-payment of a living wage, cases of forced labour among migrants brought in from Thailand have also been uncovered in Scandinavia.

### **Mitigating measures**

Orkla is working with industry organisations and NGOs to address these issues and promote human rights and fair employment terms in the sector. Orkla's goal is for 100 per cent of the wild berries purchased by its portfolio companies to be verified as sustainably produced by 2025.

Orkla Procurement is participating in a berry industry collaboration led by the Swedish Food Federation and the Swedish Food Retailers Federation. The members of this forum have developed guidelines for responsible procurement, which are now used by the portfolio companies' suppliers in Scandinavia. Since employment terms and conditions are a material risk factor in connection with the picking of wild berries in Scandinavia, Orkla has elected to also require certification of employment terms. Examples include the Swedish IP standard for employment terms (*IP Arbetsvillkor*). Orkla Procurement has also participated in a collaboration with professional environments under the auspices of SAI Platform to establish an internationally accepted industry standard for the harvesting of wild-grown produce. This was launched in 2022.

In 2023, 14 per cent of the wild berries purchased by Orkla's portfolio companies were certified. Orkla Foods Sweden performed audits on its two largest wild berry suppliers in 2023. Orkla Foods Sweden's goal is for the harvesting of all Scandinavian wild berries to be covered by the *IP Arbetsvillkor* standard by 2026. The ambition is for *IP Arbetsvillkor* to become the standard for the entire business unit.

#### **4.3.6. Textiles**

Orkla's portfolio company Pierre Robert Group has taken a leading role in the textiles industry to reduce adverse impacts on the environment and social conditions. The company consistently selects raw materials with a lower environmental impact and focuses on recognised certifications that ensure responsible production throughout the supply chain.

### *Merino wool*

### **Risks**

Although animal welfare is the principal challenge relating to merino wool, wool can also be treated using environmentally harmful chemicals and processes during its production. There is also a risk of labour rights abuses, while climate change may pose a challenge for sheep farming.

### **Mitigating measures**

Pierre Robert Group has zero tolerance for animal cruelty. All the merino wool it purchases must come from farms operating to a high standard of animal welfare. In 2023, 100 per cent of the merino wool the company purchased was documented as being sourced from sheep that had not undergone mulesing. The majority of the woollen garments marketed by Pierre Robert Group also carry the Nordic Swan Ecolabel, which means that both the product and its manufacture meet strict environmental and social standards. In 2023, all the



merino wool garments marketed under the Pierre Robert brand name (with the exception of socks) were Nordic Swan Ecolabelled.

### *Cotton*

#### **Risks**

Although cotton is a natural, renewable fibre, its cultivation requires a large amount of water, fertiliser, and pesticides. In combination with unsustainable farming practices, this can lead to the degradation of natural ecosystems and loss of biodiversity. The chemicals used to process the cotton can cause water pollution, and the cotton supply chain is associated with a risk of forced and child labour. Climate change also represents a challenge for the cultivation of cotton.

#### **Mitigating measures**

Pierre Robert Group aims for all the cotton its purchases to be cultivated in line with recognised sustainability criteria. On the whole, it uses the Global Organic Textile Standard (GOTS) certification scheme. To achieve GOTS certification producers must meet strict requirements with respect to water and energy consumption, the use of pesticides, as well as dyes and chemicals. Furthermore, the scheme requires adherence to social standards for workers throughout the supply chain. All Pierre Robert-branded cotton underwear is made from organically certified cotton and is GOTS-certified. Pierre Robert Group's other cotton products are either made from recycled materials or purchased through the Better Cotton Initiative (BCI). In 2023, Pierre Robert Group became a member of the BCI, an organisation that works to make global cotton farming better for the environment and the farmer. In 2023, Pierre Robert Group performed a risk assessment on the cotton supply chain. On the basis of this assessment, the company decided not to use cotton from China's Xinjiang Province in its products. The Xinjiang Province has attracted international attention due to reports of human rights abuses targeting members of the Uighur and other Muslim minorities in the region. Both GOTS and BCI have the same policy, so it was therefore natural for Pierre Robert Group to do likewise.

## **5. Whistleblowing channels and grievance mechanisms intended to uncover adverse impacts**

Orkla's governing principles for sustainable and responsible business practice require that all portfolio companies establish procedures to handle complaints from external stakeholders and remedy situations where there is evidence that the company has caused or contributed to adverse impacts. Such procedures are part of a responsible business practice.

Orkla and its portfolio companies have whistleblowing systems through which internal and external stakeholders are encouraged to report the violation or potential violation of the group's governing documents relating to human and labour rights. Orkla's internal whistleblowing policy, which applies to all companies within the group, describes how reports should be submitted, as well as how they should be received and dealt with.

Orkla has a central whistleblowing channel, which all group companies and all internal and external stakeholders may use. This channel is additional to local channels that have been established for the companies for which this is mandated. Orkla's central whistleblowing channel is provided by a third-party supplier. It is available round the clock in all relevant languages and ensures the whistleblower's anonymity. Any and all forms of reprisal against someone who has submitted a whistleblowing report in good faith is prohibited by law.

## **6. About the work in 2023 and further plans for 2024**

Orkla has altered the way it structures its business activities. It has gone from corporate group, organised in business segments, to investment company with underlying portfolio companies. As a consequence of this change, Orkla's portfolio companies started reviewing and improving their management routines for sustainable and responsible business practice in 2023. All the portfolio companies estimate that they will



have established systems and procedures compliant with the requirements in Orkla's governing principles for sustainable and responsible business practice by the close of 2024.

In 2023, Orkla prepared a guide to support the portfolio companies' due diligence activities relating to human rights and decent working conditions. The portfolio companies will receive training in this area in 2024.

In 2023, Orkla performed a materiality analysis. The underlying methodology included an assessment of actual and potential impacts on people, society and the environment throughout the group's supply chain. The analysis examined material impacts, risks and opportunities relating to human rights and working conditions, diversity, equality and inclusion, working environment, health and safety, human rights in the supply chain, responsible procurement, the rights of Indigenous peoples and communities, and responsible marketing. Read more about Orkla's impacts on material topics in Orkla's Annual and Sustainability Report for 2023, pages 220-224.

By the close of 2024, all portfolio companies will, for their own organisations, supply chains and business partners, have established governing documents, goals, plans and procedures for due diligence assessments and follow-up relating to human rights and decent working conditions. The companies will ensure that certifications or programmes are in place by the close of 2025 for raw materials associated with a risk of seriously adverse impacts on human rights and decent working conditions. In addition, the companies will prepare a "Positive Human Rights Impact Plan" for the period to 2030, for the purpose of creating lasting positive impacts in areas of its operations and supply chain deemed especially relevant. Several of Orkla's portfolio companies plan to draw up Positive Impact Plans in 2024.

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Norwegian version is signed by the Board of Directors of Orkla ASA on June 11<sup>th</sup> 2024



## **7. Reports from Orkla's portfolio companies and their subsidiaries**

Several of Orkla's portfolio companies and subsidiaries will rely on the information presented above in the reports they prepare independently under section 5 of the Norwegian Transparency Act. Please see the Norwegian website ([Åpenhetsloven - Orkla Norway](#)) for additional information on the company's operations, identified impacts and measures. Lilleborg AS and Orkla House Care AS have published separate statements on their company websites.