

EU CODE OF CONDUCT ON RESPONSIBLE FOOD BUSINESS AND MARKETING PRACTICES



ORKLA ASA

PROGRESS REPORT SUBMITTED ON 20TH JUNE 2024

For the fiscal year 2023

Orkla ASA (Orkla) is a leading industrial investment company. Our scope of activity is brands and consumer-oriented companies. As of 31st December 2023, Orkla had 12 portfolio companies with operations in the Nordics, Baltics, Central Europe, India and other selected markets. Orkla ASA is listed on the Oslo Stock Exchange with headquarter in Oslo.

Orkla has a long-term and industrial approach to investments and will contribute to value creation by combining strong brand expertise with the mindset of an investment company. Sustainable growth is a central part of Orkla's business strategy, and Orkla's overarching ambition as an investment company is to create sustainable value through active ownership.

1.0 Orkla's commitment to the EU Code of Conduct

Companies in the food value chain have an important role to play in reducing climate gas emissions and achieving the UN Sustainable Development Goals towards 2030. To show Orkla's commitment to sustainable production and consumption, we signed the EU Code of Conduct on Responsible Food Business and Marketing Practices in July 2021.

The objectives described in the EU Code of Conduct cover areas in which Orkla's food-related portfolio companies have been engaged for a long time. Orkla has made commitments linked to all of the seven aspirational goals of the EU Code of Conduct, and as part of Orkla's governing principles for sustainability and responsible business practices¹, we require of our food-producing portfolio companies that they prepare long-term strategies with time-bound targets for how to live up to these commitments.

This report shows the progress towards the targets linked to each of the commitments for the fiscal year 2023.

2.0 Orkla's sustainability goals and strategy

Orkla's sustainability ambition is to create positive change by enabling a responsible transition towards net zero and sustainable production and consumption. In connection with Orkla's transition from a Group

¹ Orkla Governing Principles for Sustainability and Responsible Business Practices
[Sustainability and RBP_1223_A4_V12_FINAL_DIG-UTEN-APX.pdf \(orkla.com\)](#)

structure to an industrial investment company, we developed a new overarching ambition for Orkla in 2023 with sustainable value creation as one of five main pillars. New goals and ambitions have been developed for the work on environmental, social and governance topics. Among others, we have decided to maintain the Science Based Target (SBT) for GHG reductions at Orkla level with net zero in 2045. Reductions in own operations (Scopes 1 & 2) will be measured against the base year 2016. For GHG emissions from the value chain (Scope 3), we will update the climate targets in 2024 to include emissions associated with Forest, Land use and Agriculture (FLAG)-related production.

We require Orkla’s portfolio companies to establish goals, plans, policies and procedures for managing all sustainability topics identified as material to contribute to Orkla’s sustainability ambitions.

The Orkla companies have come a long way in integrating sustainability work into business plans, decision-making processes and day-to-day activities. All of Orkla’s portfolio companies have increased their efforts in the past few years, and the work is generating positive results. A description of progress is given in section 4.

Orkla has been affiliated with the UN Global Compact since 2005 and supports its ten principles in the areas of human and workers’ rights, the environment and anti-corruption. Moreover, through our sustainability work we contribute actively to attaining several of the 2030 Sustainable Development Goals, which were launched by the UN in 2015. We have also been a member of Ethical Trade Norway since 2012 and have committed to the principles for responsible business practices described in their code of conduct.

3.0 Orkla’s commitments to the EU Code of Conduct aspirational objectives

As a consequence of Orkla’s new operating model, with legally independent portfolio companies, we have made some adjustments in Orkla’s commitments to the Code in 2023. Our commitments have a horizon towards 2025, and are based on Orkla’s previous targets developed in the old Group structure. A revision of the commitments will be carried out during 2024-2025 in dialogue with Orkla’s portfolio companies based on their new long-term targets.

EU Code of Conduct - Aspirational objectives	Orkla’s commitments with baseline year	KPIs
1. Healthy, balanced and sustainable diets for all European consumers	<ul style="list-style-type: none"> Growth in plant-based products 15% reduction in the contribution of salt and sugar to people’s diet from Orkla’s products by 2025 (baseline 2015) 	<ul style="list-style-type: none"> Share of revenues from vegan products (%) Reduction in the consumption of salt and sugar from reduction activities (%)
2. Prevention and reduction of food loss and waste	<ul style="list-style-type: none"> 50% reduction in food waste by 2025 (baseline 2014) 	<ul style="list-style-type: none"> Reduction in organic waste from own operations (tonnes) Reduction in organic waste from own operations per revenue (tonnes per mill. NOK)
3. A climate neutral food chain in Europe by 2050	Net zero emissions of greenhouse gases (GHG) by 2045. Science-based targets for	<ul style="list-style-type: none"> GHG emissions reduction scope 1 and 2, absolute (tCO₂e) GHG emissions reduction scope 3, absolute (tCO₂e)

	<p>GHG emissions reduction (baseline 2016)²:</p> <ul style="list-style-type: none"> • 65% reduction in GHG emissions from own operations by 2025 (70% reduction by 2030) • Reduction in scope 3 GHG emissions (new SBTi targets are submitted to the SBTi in 2024 due to FLAG process) 	
4. An optimized circular and resource-efficient food chain in Europe	<ul style="list-style-type: none"> • 30% reduction in energy and water consumption in own operations by 2025 (baseline 2014) • Aim for all packaging to be recyclable • Significantly increase the use of recycled packaging materials 	<ul style="list-style-type: none"> • Total energy usage, own operations (GWh) • Total energy usage per revenues (GWh/NOK million) • Total water consumption, withdrawal and discharge own operations (Mill. m3) • Share of total packaging materials that is recyclable (%) • Share of total packaging materials with recycled content and/or from renewable sources (%)
5. Sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	<ul style="list-style-type: none"> • Human rights due diligence process implemented for own operations and supply chains by 2025 	<ul style="list-style-type: none"> • Total number and share of portfolio companies that have carried out human rights risk assessment, incl. updated action plans • Total number and share of suppliers linked to significant inherent risk for incidents of child labor, forced or compulsory labor
6. Sustainable value creation in the European food supply chain through partnership	<ul style="list-style-type: none"> • Be a local champion for sustainability in all our key markets 	<ul style="list-style-type: none"> • Share of revenues from products classified as “most sustainable”³ (%)
7. Sustainable sourcing in food supply chains	<ul style="list-style-type: none"> • Ensure that certifications or programs are in place by the end of 2025 for raw materials with high environmental or human rights risk 	<ul style="list-style-type: none"> • Share of certified raw materials for prioritized raw material categories (%)

² Orkla's targets for greenhouse gas reductions have been validated by the Science-based Targets initiative (SBTi). Orkla's scope 3 reduction targets have been revised based on the FLAG methodology in 2023 and currently await approval by the Science-based Targets Initiative

³ Internal classification. In connection with Orkla's transition to an investment company, we no longer have share of revenues from products classified as “most sustainable” as a common target. A new target will be developed as part of a revision of the commitments planned in 2024-2025

4.0 Developments in 2023

In connection with the transition to a new operating model, we gave priority to establishing robust management procedures for work on ESG topics in 2023, and all portfolio companies and other directly owned companies are making good progress on incorporating Orkla's new governing principles for sustainability and responsible business practices into their management systems and operating procedures. While the internal reorganisation had some impact on the companies' capacity to execute other development projects in 2023, progress was still made in several important areas.

Orkla's total greenhouse gas emissions from own operations (scope 1 and scope 2) were 31% lower than in 2022 and 62% lower than in the base year 2016. The renewable energy proportion of total energy consumption was 50% in 2023. The Orkla companies have continued their efforts to help reduce greenhouse gas emissions in the value chain (scope 3) and work on understanding the impact from all 15 categories in scope 3. In 2023, Orkla launched an internal programme focusing on the decarbonization plans for each of its portfolio companies to achieve net zero by 2045. Orkla's Net Zero Transition Plan programme will be further developed in 2024 with the adoption of clear targets and action plans in each company to support the general Orkla goals. Key measures will be to continue the transition to renewable energy sources and implement activities to increase resource efficiency both in the companies' own operations and in raw material production. We will increasingly engage in research programmes, networks and partnerships to develop methods, indicators and technical solutions.

During 2023, the Orkla companies continued their efforts to develop new packaging solutions which minimise the use of fossil raw materials, are easy to recycle and facilitate higher recycling rates. In 2023, 97% of the packaging materials used were recyclable, 69% of the materials were recycled or renewable, and 12% of plastic packaging materials were recycled or renewable. The Orkla companies have also made significant progress on ensuring that supply chains are deforestation-free. In 2023, 87% of Orkla's purchases of raw materials entailing a risk of deforestation either came from low-risk countries or were covered by certification programmes.

Several Orkla companies have plant-based products in their portfolios and are working to increase the number of vegetarian and vegan options they offer. In 2023, 31% of Orkla's food revenues came from vegan products⁴. Products which contribute to a healthier diet accounted for around 20% of sales by Orkla Foods Europe, Orkla India, Orkla Confectionery & Snacks and Orkla Food Ingredients in 2023⁵. The companies have continued their long-term efforts to reduce the use of salt, sugar and saturated fat. The combined estimated impacts of all reduction measures implemented since 2015 are a reduction in sugar consumption of around 10%, a reduction in salt consumption of around 5% and a reduction of 7% in saturated fat consumption. Despite Orkla's extensive efforts over many years, the trend is somewhat below the adopted target.

More information about Orkla's sustainability goals, approach to sustainability management and the results of our work is shared in our 2023 Annual Report (sustainability report included): [Orkla-Annual-Report-2023.pdf](#)

⁴ Products suited for a vegan diet as defined by Food Drink Europe

⁵ Relates to the 77% of revenues which come from products classified according to criteria for health and wellness

4.1 Progress on KPIs and goals in 2023

The table below describes the progress for the KPIs defined for each of the commitments we have made linked to the aspirational objectives of the EU Code of Conduct.

EU Code of Conduct - Aspirational objectives	Progress on KPIs and goals in 2022
1. Healthy, balanced and sustainable diets for all European consumers	<ul style="list-style-type: none"> In 2023, the estimated share of revenues from vegan products was 31%, an increase of 15% compared to 2022⁶ The combined estimated impacts of all measures implemented to reduce salt and sugar in food products since the baseline year 2015 are a reduction in sugar consumption of around 10% and a reduction in salt consumption of around 5%. Despite the Orkla companies' extensive efforts over many years, the trend is somewhat below the adopted target⁷
2. Prevention and reduction of food loss and waste	<ul style="list-style-type: none"> The reduction in total organic waste in the period 2014-2023 was 17% In 2023, organic waste per revenue was 1.1 tonnes/NOK. mill, which is a 63% reduction compared to 3.0 tonnes/NOK. Mill in the baseline year 2014
3.A climate neutral food chain in Europe by 2050	<ul style="list-style-type: none"> In 2023, Orkla's GHG emissions were 115,204 tCO₂e (scope 1 and 2 market-based) compared to 303,663 in the baseline year 2016, representing a reduction of 62%. The scope 3 greenhouse gas emissions in 2023 were 3 140 917 tCO₂e, compared to 3 921 106 tCO₂e in baseline year 2016, representing an estimated 20% reduction⁸
4. An optimised circular and resource efficient food chain in Europe	<ul style="list-style-type: none"> In 2023, total energy usage within own operations in absolute figures was 1 005 GWh, a reduction of 9% since the baseline year 2014. The reduction relative to revenue was 48%. In 2023, the total water withdrawal, own operations was 6.7 Mill. m³, compared to 10.3 Mill. m³ in the baseline year 2014. Overall, Orkla's water withdrawal has been reduced by 35% since 2014 The percentage of total recyclable packaging materials in 2023 was 97%, up from 96% in 2022 The share of total packaging materials with recycled content was 54%, on a par with 2021. The share of packaging materials with recycled content and/or from renewable sources was 69%, a slight increase from the year before The share of total packaging materials from renewable sources was 40% in 2023, a slight decrease from the year before
5. Sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	<ul style="list-style-type: none"> In 2023, 91% of Orkla's portfolio companies carried out a human rights risk assessment in cooperation with their subsidiaries. In connection with the risk assessment, the companies identified improvement measures relevant to the goal of being a responsible employer In 2023, 100% of our new suppliers were screened using social criteria. Furthermore, 45 suppliers with social non-compliances were identified.

⁶ Applies to total revenues in the portfolio companies Orkla Foods, Orkla Confectionery & Snacks, Orkla India and Orkla Food Ingredients.

⁷ Applies to the portfolio companies Orkla Foods, Orkla Confectionery & Snacks, Orkla India and Orkla Food Ingredients. The figures are associated with uncertainty due to variations in the calculation method

⁸ The number presented is a total of Scope 3 for Orkla ASA and includes all 15 categories

	Improvements were agreed with all the suppliers with identified social non-compliance
6. Sustainable value creation in the European food supply chain through partnership	Due to the change in Orkla's operating model in 2023, with the transition from a Group structure to being an investment company with legally independent portfolio companies, the key performance target for this commitment has not been monitored in 2023. We will review the commitments and introduce a new metric in 2024.
7. Sustainable sourcing in food supply chains	<p>In 2023, the share of certified raw materials for prioritized raw material categories were:</p> <ul style="list-style-type: none"> • 95% certified cocoa (Rainforest Alliance/UTZ Certified or Fairtrade) of total volume purchased (56% Segregated and 39% Mass Balance) • 25% certified marine raw materials (MSC or ASC) of total volume purchased • 96% certified palm oil and palm kernel oil (RSPO) of total volume purchased (48% Segregated, 30% Mass Balance, 18% RSPO Credits) • 78% certified soy (RTRS – Roundtable on Responsible Soy, Pro Terra) of total purchased volume • 60% certified hazelnuts (Rainforest Alliance) of total purchased volume • 100% certified organic cotton (GOTS, OCS) of total purchased value