



Orkla Policy for Sustainable Palm Oil

Background

Palm oil is the most traded vegetable oil worldwide, and is commonly used as an ingredient in a variety of consumer goods. Approximately 87 percent of global production comes from Indonesia and Malaysia, where increased demand for palm oil has led to the expansion of palm oil plantations, in turn resulting in the clearing and destruction of rainforest. This deforestation has created significant challenges related to greenhouse gas emissions, wildlife and human rights.

Since 2008, the Orkla companies have taken significant steps to reduce their use of palm oil and support the certification initiatives organized by the multi-stakeholder organization Roundtable on Sustainable Palm Oil (RSPO). To achieve sustainable production of palm oil, it will be necessary to solve complex environmental, social and governance challenges that require the collective efforts of producers, traders, buyers and governments.

We want to do our utmost to protect the rainforest, prevent violations of human rights and ensure compliance with other ethical requirements in the palm oil supply chain. Therefore, we are increasing our efforts by introducing clear commitments and new initiatives in relation to Orkla's sourcing of palm oil.

Commitment

Orkla is committed to breaking the link between our products and tropical deforestation.

We will actively seek to reduce our palm oil consumption by replacing palm oil with alternatives that are better from a nutritional and environmental perspective.

Palm oil has unique taste and functional properties and cannot easily be replaced. The process of replacing palm oil with alternative fats may require several years of product development, and for some products no real alternatives exist.

For those products where we are unable to find better alternatives to palm oil, we will work towards achieving a traceable supply chain where palm oil is sustainably produced. All palm oil sourced for Orkla's brands shall be produced according to the following principles:

- No tropical deforestation
 - There shall be no clearance of rainforest
 - Forest areas of high carbon value and high conservation value shall be protected
 - Farms and plantations shall comply with local laws and strict criteria for sustainable production
- Protection of peat land
 - Peat lands shall not be used for the cultivation of palm oil
 - Existing plantations on peat land shall observe best management practices with regard to protecting the environment and workers' health and safety

- Respect for human and workers' rights
 - The interests and rights of local communities affected by palm oil cultivation shall be protected in accordance with local and international law, such as ILO Convention 169 and the UN Declaration on the Rights of Indigenous Peoples
 - Cultivation of palm oil shall be carried out with respect for human and workers' rights and otherwise in compliance with the ethical requirements set out in the Orkla Supplier Code of Conduct

We will engage in dialogue with relevant stakeholders and report on progress in a transparent manner.

Some Orkla companies manufacture products on behalf of other companies. We will invite these customers to join us in our efforts to secure a sustainable palm oil supply chain.

Actions

In order to be able to source palm oil in compliance with these criteria, Orkla needs to develop mechanisms that enable us to attain full traceability in the supply chain, down to plantation level. We will achieve traceability and contribute to the establishment of sustainable palm oil cultivation through supplier requirements, procedures for monitoring compliance and collaboration with relevant stakeholders. More specifically, we will

- require that our suppliers document traceability and have a plan for avoiding involvement in tropical deforestation
- engage in collaboration with relevant industry and certification bodies, including the Roundtable on Sustainable Palm Oil (RSPO), to increase traceability and improve transparency within the supply chain
- engage in dialogue and collaboration with NGOs, consumers and customers to build awareness, knowledge and commitment to sustainable palm oil.
- regularly report on progress

Milestones

No later than by the end of 2014, we will

- develop an internal system and working methods that will enable us to achieve traceability for the palm oil sourced by Orkla
- establish a partnership programme with a third party organisation to work towards a sustainable palm oil supply chain
- ensure that all our suppliers commit to following our Supplier Code of Conduct and the principles of Orkla's policy for sustainable palm oil
- develop a complete assessment of options for replacing palm oil with other types of fat

No later than by the end of 2015, we will

- achieve full traceability to plantation level of the palm oil sourced by Orkla, or be able to document that our suppliers have robust plans for achieving full traceability within an agreed deadline. Such a deadline should under no circumstance be later than 2017.

No later than by the end of 2017,

- all palm oil purchased by Orkla shall be sustainably produced, with full traceability. By sustainable production we mean that palm oil producers shall comply with our requirements regarding tropical deforestation, protection of peat land and respect for human rights.