



Due diligence for responsible business conduct with regards to people, animals, society and the environment

# Account reporting year 2023

for Orkla House Care AS



*Ethical Trade Norway has assessed the report of Orkla House Care AS to meet the criteria of our Base Level. More information about our Base Level can be found [here](#).*



# SUSTAINABLE DEVELOPMENT GOALS



## To Readers Of The Report

Enterprises and the public sector have a great impact on people, society, the environment, climate, and animals and can both contribute positively to development, or negatively by causing harm. Enterprises therefore hold a central role in achieving UN's Sustainable Development Goals (SDGs) and the Paris Agreement's 1,5-degree target.

This report can be used as an account for the Transparency Act, but it has a broader scope with climate and the environment, circular economy, and anti-corruption indicators also being included. Our members are obligated to carry out due diligence and report annually on their work. Base level1 members also meet the Transparency Act's due diligence duty, and partially the Act's information duty.

Ethical Trade Norway's concept of responsible business conduct equals OECD's terminology and due diligence methodology. This is the systematic effort that enterprises do to identify, prevent, or mitigate adverse impacts and explain how they manage their risks of negative impact, as well as provide remediation to people, animals, society, and the environment where this is required – is called due diligence. Norwegian authorities expect all enterprises, regardless of their size, to carry out due diligence on society, the environment, and animals in accordance with the UN's Guiding Principles for Business and Human Rights (UNGPs) and OECD's Guidelines for Multinational Enterprises. This applies to enterprises, the public sector, and organisations.

Ethical Trade Norway's Declaration of Principles (our Code of Conduct) for Responsible Business Conduct covers the areas of decent work, human rights, environment/climate, anti-corruption, and animal welfare. This report is done in full transparency and in line with UNGPs and OECD's guidelines. The reports of all members are publicly accessible on Ethical Trade Norway's website.

**Heidi Furustøl**

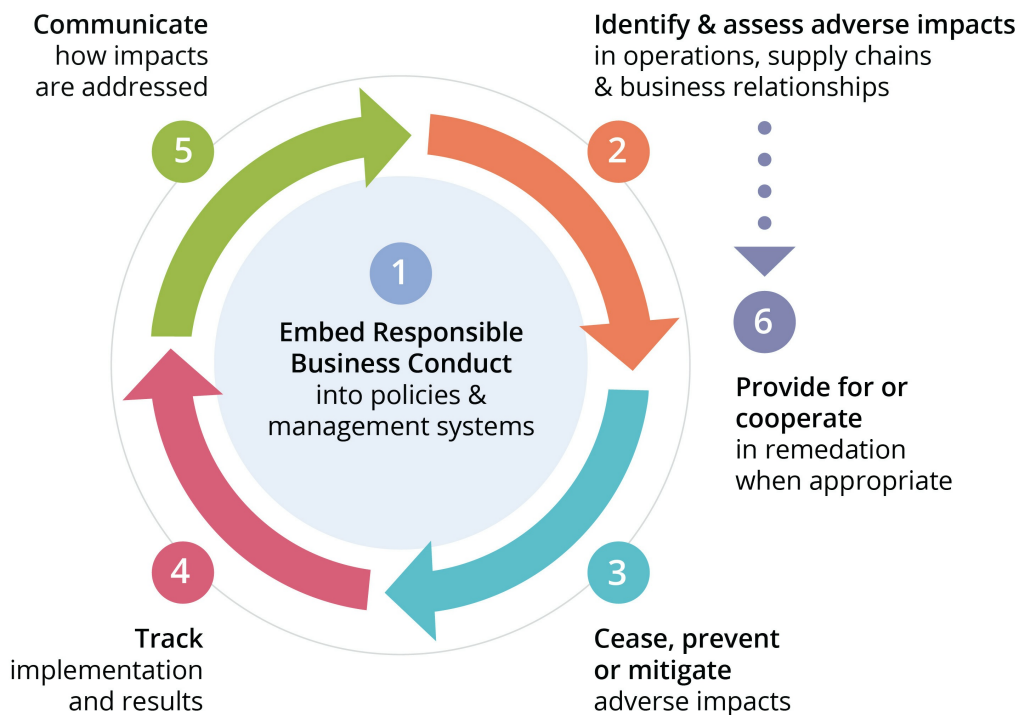
*Executive Director*

Ethical Trade Norway

# Due diligence

This report is based on the UN Guiding Principles on Business and Human Rights and the OECD model for Due Diligence for Responsible Business Conduct.

The model has six steps that describe how companies can work for more responsible and sustainable business practice. However, being good at due diligence does not mean no negative impact on people, planet and the society. It means that the company is open and honest about challenges faced and shows how this is managed in the best possible way in collaboration with its stakeholders. This report is divided in chapters following the OECD model.



# Preface From CEO

Orkla House Care is the leading designer, manufacturer and marketer of branded Painting Tools and Accessories in northern Europe. We seek to enable our end-users to achieve the best results from their painting and decorating tasks, so that they feel proud of their work when it's done. We also aim for our colleagues to feel proud of their roles and the work they do within Orkla House Care. To capture this in a combined spirit, we talk about "Pride in The Finish" as the representation of our collective efforts to develop better products for our end-users and build strong business relationships with our customers and suppliers.

In 2023, Orkla House Care undertook a review of our business strategy to refresh and commit to our key priorities for the coming years. We have established four key strategic pillars which we believe will continue to guide our plans in the long term. One of these pillars is 'Sustainable Business', which we define as ensuring 'we work collectively to be a positive contributor to all our stakeholders'. The adoption of the 'Sustainable Business' pillar will replace any previous separate sustainability strategies as we believe this approach will better support us in reaching our ESG goals. Within this pillar, we have four topic areas:

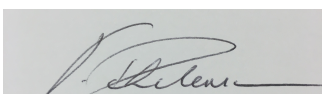
- **Protecting our environment**
- **People and community**
- **Governance & ethics**
- **Financial strength**

We have defined initiatives within each topic area, establishing deliverables, targets, roles and responsibilities and timelines to ensure robust management and the enablement of continuous progress. Three significant initiatives being undertaken in 2024 include: Due Diligence & Double Materiality Assessment, Data Collection & Management, and CO2e baselining. We see these as key to unlocking more reliable, granular, and verifiable data for our existing and future sustainability efforts. In addition to supporting Orkla House Care's decisions and prioritisation, improved levels of data will also be valuable for our business relationships in our combined journey towards sustainable development.

As part of our commitment to embed sustainable business conduct into our ways of working, during 2023 Orkla House Care conducted a series of in-depth cross-functional workshops to risk assess our activities against the UNGPs/OECD standards. Within this report we have provided some examples of the outputs from this activity, with the full risk assessments also being publicly available. We believe that communicating openly about potential or actual negative impacts, and how we manage them, is the right way to demonstrate responsible business conduct to our internal and external stakeholders. We have also established a new stakeholder feedback mechanism to ensure we can capture perspectives and opinions not covered by our current assessments.

Our parent company, Orkla ASA, has a long history of responsible and sustainable business conduct and in turn Orkla House Care is fully aligned with the expectations and reporting requirements in this area. Nevertheless, as a Portfolio Company within Orkla ASA, we also recognise our responsibilities across our own value chain and will continue to constantly seek to strengthen collaboration with our business relationships to make progress on all levels of sustainable development. We also acknowledge the evolutionary nature of KPIs and as we continue to mature our data, execute our plans, and embed our ways of working, we anticipate enhancing our abilities to improve our targets in subsequent reports.

**" We aim to help everyone succeed in achieving the best finish for their painting projects and to act responsibly by being a key contributor in the transition to a more sustainable painting tools industry. "**



Vicky Philemon  
CEO

# Board Signature

## **Orkla House Care**

The Board of Orkla House Care confirms to have received and read the report prepared for Ethical Trade Norway, which serves as the foundation for our due diligence statement.

### **Due Diligence for sustainable business practices**

Account for reporting year 2023

Orkla House Care

  
Maria Syse-Nybraaten (May 7, 2024 15:14 GMT+2)

Maria Syse-Nybraaten  
Chair of the board

  
Tom Waltasaari (May 7, 2024 15:05 GMT+2)

Tom Martti Waltasaari  
Board member

  
Marte H Sølvsberg (May 2, 2024 09:50 GMT+2)

Marte Helene Sølvsberg  
Board member

  
John Cowley (May 2, 2024 15:55 GMT+1)

John Mitchell Cowley  
Board member

  
Jostein Brekka (May 7, 2024 15:10 GMT+2)

Jostein Brekka  
Board member

Date: 07.05.2024

Board of Directors - Signatures  
07.05.2024

# Enterprise information and enterprise context

## Key enterprise information

### Enterprise name

Orkla House Care AS

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### Head office address

Drammensveien 149, 0277 Oslo, Norway

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### Main brands, products and services offered by the enterprise

Orkla House Care comprises Jordan, Anza, Hamilton, Spekter, SAM and Harris - six leading brands, offering painting tools and accessories to both DIYers and professional painters alike.

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### Description of enterprise structure

Orkla House Care Norge AS is a Norwegian company with subsidiaries in Sweden, United Kingdom, Denmark, Belgium and China. All subsidiaries within the group are ultimately fully owned by Orkla House Care Norge AS. The companies vary in size and operations and conduct their part along our complete value chain, from idea to finished painting tool. Our core products, painting brushes and rollers, are mainly produced by our own production sites in Sweden, the United Kingdom and China. The Nordic region, Benelux and United Kingdom are the home markets, however the products can be found in a number of countries around the world.

Orkla House Care Norge AS is fully owned by Orkla ASA, a Norwegian investment company focusing on branded consumer goods listed at the Oslo Stock Exchange.

In this report, we will refer to Orkla House Care (OHC) as the whole group.

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### Turnover in reporting year (NOK)

1 573 000 000

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### Number of employees

647

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### Is the enterprise covered by the Transparency Act?

Yes

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**Major changes to the enterprise since last and current reporting period**

On March 1st 2023 Orkla ASA made the transition to an industrial investment company with 12 portfolio companies, where OHC is one. The purpose was to establish a more value-creating structure and culture in the group with greater independence and responsibility for the individual portfolio companies. In addition, a new CEO for OHC was appointed and joined in August 2023.

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**Contact person for the report (name and title)**

Øyvind Nesbø - Sustainability Manager

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**Email for contact person for the report**

oyvind.nesbo@orkla.no

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## Supply chain information

### General description of the enterprise's sourcing model and supply chain

OHC has a portfolio of suppliers globally with an emphasis in China and northern Europe. Supplier selection is based upon a combination of quality, ethical status, direct manufacturer classification and cost price. Many suppliers have supplied the group for in excess of ten years, long term relationships is a strong preference.

The Strategic Procurement team is responsible for the relationships with these suppliers and have support from other colleagues in the organisation for supplier quality assurance, auditing and compliance.

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### Number of suppliers with which the enterprise has had commercial relations in the reporting year

225

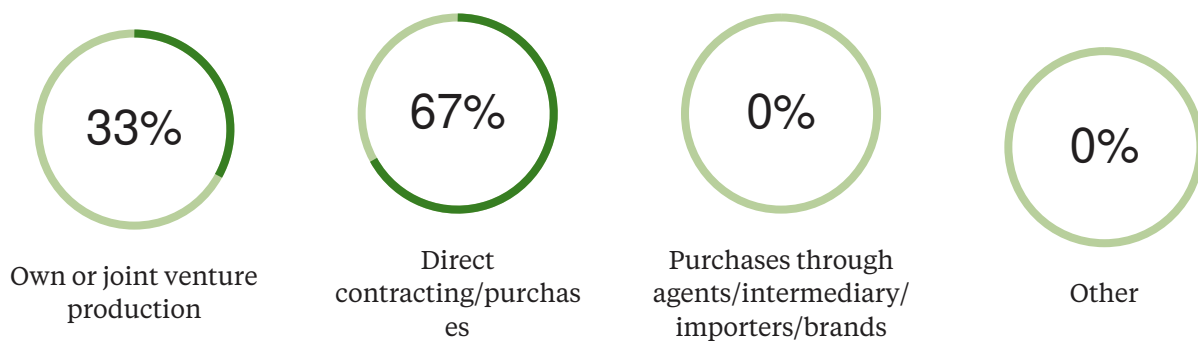
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### Comments

The number of suppliers is Tier 1.

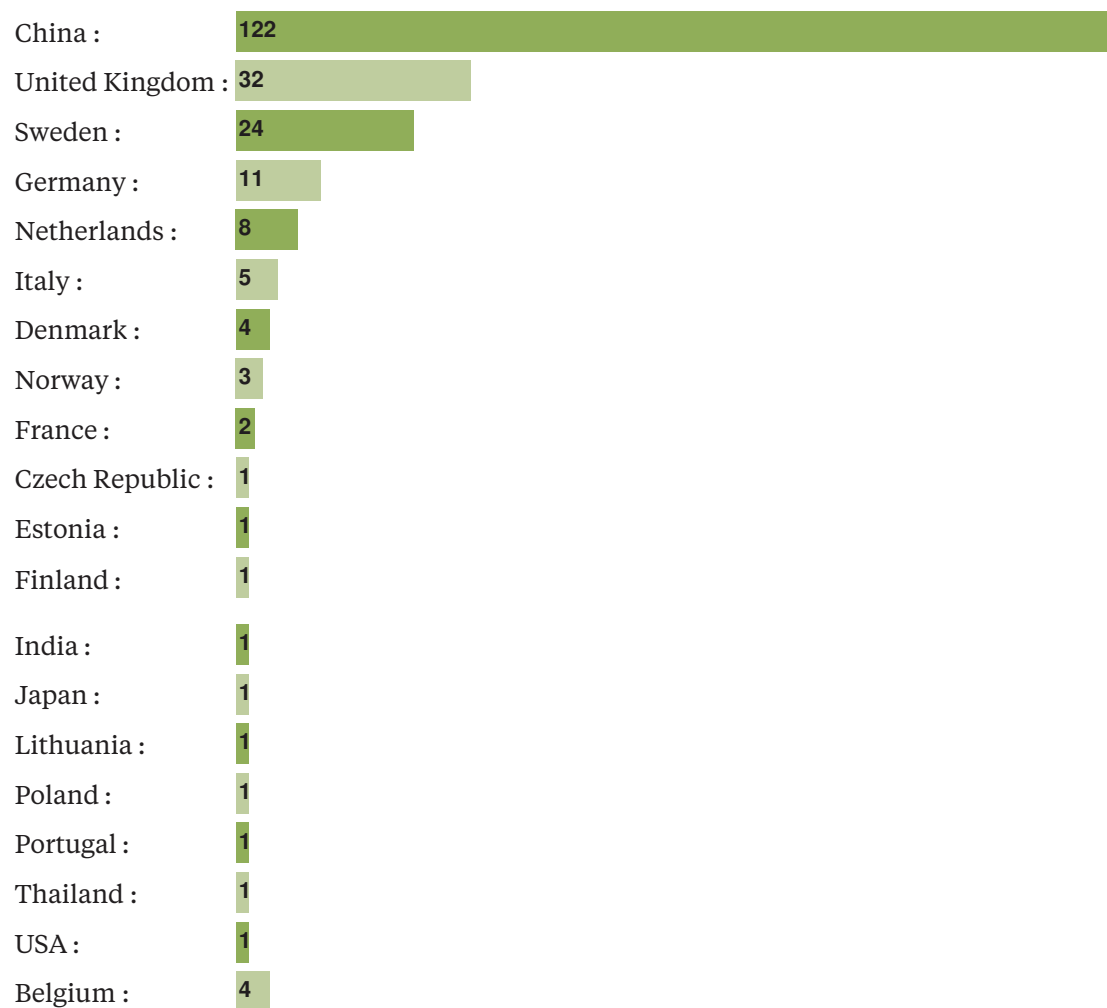
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### Type of purchasing/ suppliers relationships





### List of first tier suppliers (producers) by country



We have a stable portfolio of suppliers, and onboarded 4 new suppliers during 2023, 3 located in Sweden and 1 in UK.

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**State the number of workers at first tier producers that the enterprise has an overview of, and the number of suppliers this overview is based on:**

**Number of workers**

8 200

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**Number of suppliers this overview is based on**

80

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**Numbers of workers per supplier (calculated average)**

103

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**Comments to number of workers**

Estimated 8000-8500 workers

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**Key inputs/raw materials for products or services and associated geographies**

<b>Polypropylene</b>	China The European Union
<b>CR Steel</b>	China Germany
<b>HDG Steel</b>	China The European Union
<b>PET Monofilament</b>	China The European Union
<b>Aluminum</b>	China The European Union
<b>ABS</b>	China

Orkla House Care purchase both raw materials and finished goods from our supply base. The materials stated are a general list and is not exhaustive and excludes packaging.

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**Is the enterprise a supplier to the public sector?**

No

## Goals and progress

### Process goals and progress for the reporting year

1

**Goal :** **Re-visit existing sustainability strategy** (including SMART goals and KPIs/Indicators) as part of overall company strategy process during 2023.

This process is supported by Orkla ASA, and is expected to provide valuable tools and new action plans to improve our work on sustainable development.

**Status :** The overall OHC strategy process was finalized end of year 2023, where 'Sustainable Business' is one of four strategic growth pillars. Three main initiatives were identified (Due Diligence & Double Materiality, Data Collection & Management, and CO2e-baseline). These will be key to unlock next phases of initiatives, and enable updated KPIs and targets based on a revised baseline for the different topics. E.g., Full CO2e emissions baseline.

2

**Goal :** **Establish CO2 emission baseline, including Scope 3.**

**Status :** We have a baseline for Scope 1 & 2 from 2016. During 2023 we have agreed with management to include Scope 3 in future calculations. The new and approved OHC strategy for 2024-2026 includes concrete initiatives on establishment of a full CO2e-baseline, including Scope 1, 2 and 3. (See goals for coming years)

3

**Goal :** **Establish improved and extended action plan for 2023 and beyond according to new strategy.**

**Status :** Due to the finalization of new company strategy in end of year 2023, this goal was delayed and awaiting approved strategic direction. Now that strategy is decided and communicated internally, updated action plans will follow the new initiatives. (See goals for coming years)

## Goal for coming years

1

### **Establish CO2e emission baseline, including Scope 3.**

We will establish a cross functional group to scope the project, decide on calculation model and data management, and aim to have a full baseline including Scope 1, 2 and 3 by end of year 2024. Results and findings will support our updated targets, goals and action plans related to emission reduction and the environment.

2

### **Due Diligence & Double Materiality**

The foundation for responsible business conduct, including existing and coming legal requirements on ESG, requires proper due diligence. Aligned with the UNGPs/OECD framework, and Orkla ASA owner requirements, we are establishing systems and tools to support management of, and conducting of human rights (including labor rights, environmental and economic (including anti-corruption) due diligence. Double Materiality is a specific assessment of risk, which we will conduct for the first time during 2024. We expect to improve our communication and reporting of our work with responsible business conduct in the years ahead, and the findings from our due diligence will be subject to prioritization and reporting, aligned with the OECD 6-step process. Concrete action plans will also follow from our due diligence and Double Materiality processes.

3

### **Data Collection & Management**

OHC recognizes the need for detailed, improved and verifiable data on the different areas of sustainability. It stems from e.g., legal requirements, customer demands and internal needs. During 2024 our goal is to identify and determine the broader scope of ESG data requirements, including data capture, management, analysis and reporting. We expect to focus on data capture this year, and depending on progress we will implement systems and tools to support proper ESG data management.



# 1

## Governance and commitment to responsible business conduct

Embedding responsible business conduct means that the enterprise should have strategies and plan, as well as relevant policies and guidelines for due diligence for responsible business conduct (hereafter due diligence) which are adopted by management. These should comprise the enterprise's own operations, its supply chain and other business relationships. Effective management systems for implementation are key to success, and due diligence should be an integrated element in enterprise operations. Clear expectations from senior management are crucial, as well as clearly assigned responsibilities within the enterprise, for the implementation of the steps in the due diligence process. Those involved need to know how to proceed. Transparency about commitments the enterprise has for itself, challenges they are facing, and how these are managed is fundamental



## 1.A Policy\* for own enterprise

### 1.A.1 Link to publicly accessible policy for own enterprise

<https://www.orkla.com/code-of-conduct/>

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### 1.A.2 What does the enterprise say publicly about its commitments to respect people, animals, society, the environment and climate?

Orkla House Care, as part of Orkla, commit to policies and requirements as listed on public webpage:  
<https://www.orkla.com/guidelines/>

The policies and requirements encompasses Orkla's Corporate responsibility, Code of Conduct, Orkla Human and Labour Rights Policy, Animal Welfare, Anti-Corruption, Nature and Climate, and more.

Orkla annual sustainability report can be found here: <https://www.orkla.com/annualreport/>

Orkla House Care shares information about our sustainability strategy within the four pillars Packaging, Production, Products and People:  
<https://www.orklahousecare.com/sustainability/>

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### 1.A.3 How has the policy/commitment been developed and how is it embedded in the enterprise?

The Orkla Code of Conduct is annually approved by Orkla ASA Board of Directors. It is the Board and CEO of the individual Orkla legal entity's responsibility that the Orkla Code of Conduct and other Policies are implemented. Managers on all levels have responsibility for ensuring employees and other stakeholders are informed about Orkla Code of Conduct and internal policies and instructions. The roles and responsibilities for embedding the CoC is described in the CoC itself. E.g., all employees, including new hires, are required to read and sign the CoC. Externally, Orkla Supplier CoC or Orkla Business Partner Coc is part of the agreement with the business relation, and serves to embed our requirements for responsible business conduct in our value chain.

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## 1.B Organisation and internal communication

### 1.B.1 How is the due diligence work organised within the enterprise, embedded in internal guidelines and routines, and why?

Sustainability Due Diligence and responsible business conduct is embedded in overall strategies, policies and management systems, approved and anchored by the Board and OHC management team.

The work and responsibilities related to responsible business conduct and due diligence is distributed in the organization based on departmental responsibilities. The Sustainability manager is lead of the OHC Sustainability strategy and follow-up and reports on results and progress. However, the work with sustainability and due diligence is not limited to the responsibility of one function, but is part of our way of working and integrated in processes, priorities, action plans, etc.

#### **General overview of roles and responsibilities**

HR: Internal HR compliance and competence development plans

CFO/Finance: Budget and related financial reporting

Supply Chain: Overall responsibility for more sustainable and fair supply chain

Quality: Ensuring effective processes, follow up on audits, corrective and improving actions

Strategic purchasing: Supplier portfolio according to strategy, follow up of suppliers, risk analysis

Innovation: Consider sustainability and human rights in supply chain in innovation projects

Commercial: Collect feedback from market and communicate internally in organization. External communications

Sustainability manager: In lead of OHC sustainability strategy. Reporting on results and progress.

OHC adheres to Orkla ASA Governance structure with policies and guidelines requiring e.g. annual reporting on sustainability and social responsibilities.

#### **Sustainability Due Diligence Methodology**

We appreciate that all companies, no matter where they operate or what they do, are at risk of sustainability impacts, and we intend to assess our business units at operational level and – where applicable – at representative level. During 2023 we have assessed adverse impacts that Orkla House Care has or may have on each of the 48 human rights (including labour rights), 20 environmental (including climate) and 16 economic (including anti-corruption) areas, aligned with the UNGPs/OECD (see reference below). We focus our assessments on the more likely impacts, not all imaginable impacts. Where an actual impact occurs or has occurred, it is treated as an actual impact, and where an impact remains a risk only, such risk of an adverse impact is treated as potential. We focus assessments on where OHC may ‘cause’ or ‘contribute to’ adverse impacts. When OHC is merely ‘linked to’ adverse impacts; the assessments identify known severe impacts in the value chains only.

In case of multiple impacts on the same human right, each adverse actual or potential impact is treated separately.

Where we identify risks, we describe who is at risk or where the risks occur; what we do, or will do, to prevent or mitigate the risk; the indicators by which we measure effectiveness; who oversees managing the risk; and any additional resources that need to be allocated where added actions are deemed necessary or commendable.

Where we find ‘no risks’ of adverse impacts, we describe why we reached such conclusion.

For detailed overview of roles and responsibilities related to Due Diligence, see our operational level impact assessments made public on our website.

<https://globalcsr.net/overview-of-the-48-human-rights/>

<https://globalcsr.net/overview-of-the-20-environmental-areas/>

<https://globalcsr.net/overview-of-the-16-economic-areas/>

### **1.B.2 How is the significance of the enterprise's due diligence work defined and clarified for the employees through their job description (or the like), work tasks and incentive structures?**

All employees have job descriptions describing tasks and responsibilities for their role. For roles that have specific responsibilities related to sustainability and responsible business conduct, this is included in their job description. In addition, sustainability and responsible conduct topics (e.g. tasks, projects, competence development) are being addressed in Personal Development Plans (PDP) with goals and action plans. The PDP is being followed up in frequent meetings with line manager. Line managers are encouraged to ensure job descriptions are reviewed in the PDP-meetings in order to ensure updates are efficiently implemented and that the job descriptions are up to date. As we mature and progress in the areas of responsible business conduct, and due diligence in particular, we aim to formalize roles and responsibilities even further to both include the wider organization and also clarify these areas in greater detail in e.g., job descriptions and work tasks.

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### **1.B.3 How does the enterprise make sure employees have adequate competence to work on due diligence for responsible business conduct?**

For roles that require specific competence, the job description describes requirements to competence and experience.

Development goals for the employees are mapped, discussed and agreed in annual Performance Development Plan meetings and followed up during the year.

During the 5-days Sustainability Due Diligence workshop in 2023, a wide and cross functional range of employees participated from OHC. As part of the onboarding to the UNGPs/OECD framework, we focused on competence building and was able to share experiences internally and supported by external experts.

Orkla has also established mandatory e-learning modules for all employees with topics such as Code of Conduct, Anti-corruption, Whistleblowing, and more.

Orkla House Care is part of Orklas sustainability network and relevant roles participates in network meetings, courses, and seminars. External networks, seminars and webinars are also important contributors to gaining new knowledge and ensuring adequate competence in the many areas of sustainability, ESG, CSR, responsible business conduct etc.

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## 1.C. Plans and resources

### 1.C.1 How are the enterprise's commitments to respect people, animals, society and the environment embedded in strategies and action plans?

In Orkla House Care, our commitment to sustainability and responsible business conduct is embedded in our overall company strategy and plans.

One of the four strategic growth pillars in the updated company strategy is Sustainable Business, where the strategic agenda is working collectively to be a positive contributor for all of our stakeholders.

(See page 12 in the strategy presentation

[https://s29.q4cdn.com/711870714/files/doc\\_downloads/2023/CapitalMarkets/orkla-house-care.pdf](https://s29.q4cdn.com/711870714/files/doc_downloads/2023/CapitalMarkets/orkla-house-care.pdf))

Our mission in OHC is *"To help everyone succeed in achieving the best finish for their painting projects and to act responsibly by being a key contributor to the transition to a more sustainable painting tools industry"*. The four main areas where we implement actions is: Protecting the Environment, People & Community, Governance & Ethics, and Financial Strength. Goals and KPIs within the four areas have been defined and action plans for relevant departments are being updated.

We recognize the need for improvement in the area of ESG data capture, analysis and management, to enable reporting and verifiable communication on an ever increasing level of detail. The updated strategy therefore includes several initiatives, actions and workstreams to ensure we can deliver on coming legal requirements, customer demand, and internal needs for continuous improvement.

All employees are encouraged to have defined Personal Development Goals related to sustainability and contributing to achievement of the overall goals.

In addition to Orkla House Care own strategy, we are adhering to Orkla ASA groups' sustainability strategy and reporting to Orkla ASA groups' annual Sustainability report, which is based on Global Reporting Initiative (GRI). Orkla House Care Sustainability manager and other key roles are part of Orkla Sustainability network, meeting approximately 8 times a year.

### **1.C.2 How is the enterprise's strategies and action plans to work towards being responsible and sustainable followed up by senior management and the board?**

The OHC group leadership team follows up on strategies and action plans mainly through close involvement and evaluation of progress. They are directly involved in prioritization of planned actions, assigning resources including budgets, defining roles and responsibilities for actions and more. The leadership team is updated regularly during the year, or adhoc if specific attention is needed.

OHC Board of Directors follows the work towards responsible business conduct mainly through the board meetings, following the annual wheel. They are further responsible for approving and signing the annual Ethical Trade report, and authoritative policies. E.g., Sustainability Policy Commitment. The board is also informed during the reporting to Orkla ASA, through progress reviews and other measures during the processes.

As our due diligence and systems for handling responsible business conduct becomes more mature, we expect to improve internal and external communication of our work, which in turn enables easier follow up from any stakeholder.

Furthermore, the planned Double Materiality Assessment will provide a more clear overview of OHC material topics, and what topics are not material. To maximize our impact we will focus on material topics, and these will also be followed up by leadership team and the board moving forward.

#### **Other:**

All departments have defined relevant goals and action plans for sustainability and this is followed up in local department meetings.

Overall status on strategy and projects is being reported by Sustainability manager to the management team on regular basis.

Sustainability is part part of innovation process both through specific projects and as part of checklists in accordance to elements of the sustainability strategy. Regular Innovation Board meetings ensure management review and approvals of projects according to a defined innovation stage gate process.

There are regular Town hall meetings open for all OHC employees held by CEO and top management where sustainability topics are on the agenda. We also have site / location specific forums and departmental forums where such topics are on the agenda.

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## 1.D Partnerships and collaboration with business relationships, suppliers in particular

### 1.D.1 How does the enterprise emphasise the importance of responsible and sustainable business conduct in its business relationships, particularly in the supply chain?

From June 2022 Orkla implemented Orkla Supplier Portal (OSP) enabling an automated and more efficient supplier approval process. It is mandatory for all new suppliers of Orkla to be registered and approved in the portal. To be approved, the supplier needs to pass risk assessment covering e.g. financial, ethical and sanction risks. All suppliers of Orkla are required to upload signed Orkla Supplier Code of conduct to OSP: <https://www.orkla.com/supplier-code-of-conduct/>

As part of the supplier approval process, OHC conducts supplier quality and / or social audits on site for suppliers based on risk assessment. Orkla and OHC are members of SEDEX (Supplier Ethical Data Exchange), an online system allowing sharing of information and data on ethical and responsible practices between OHC, customer and supplier. For existing suppliers, they are subject to continuous follow up and audits (quality and social) based on assessed risk.

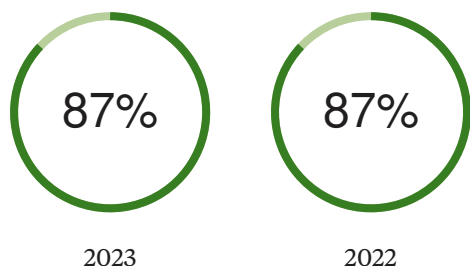
Moving forward, we aim to strengthen our dialogue with stakeholders in the value chain to further emphasize the importance of responsible and sustainable business conduct. Once finalized, we will share our own impact assessments of OHC with our business relationships, both upstream and downstream. This practice is aligned with the UNGPs/OECD framework, and aims to not only place requirements on our business relationships (e.g., communicating Supplier or Business Partner CoC) but share how we work, as inspiration for their own work on due diligence and responsible business conduct. In addition, it is intended to ensure focus on these topics in regular communication with our business relationships.

In 2023 we started the work of improving our supplier risk assessment tools and methods, this supporting the automatic risk assessments done in the OSP. This includes us doing desktop risk assessments, considering e.g. country, industry, raw material, level of spend, certificates, Sedex SAQ, etc. We will use same tools and methods across the OHC sites and the Quality and Procurement departments are collaborating on defining the new way of working, including on defining how to follow up suppliers based on risk.

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## Indicator

### Percentage of the company's suppliers that have accepted guidelines for suppliers



In 2023 87% of suppliers have signed Orkla Supplier Code of Conduct, which account for 98% of our spend.

We expect this number to remain relatively stable as we don't implement high number of new suppliers.

## 1.E Experiences and changes

### 1.E.1 What experiences have the enterprise encountered during the reporting period concerning responsible business conduct, and what has changed as a result of this?

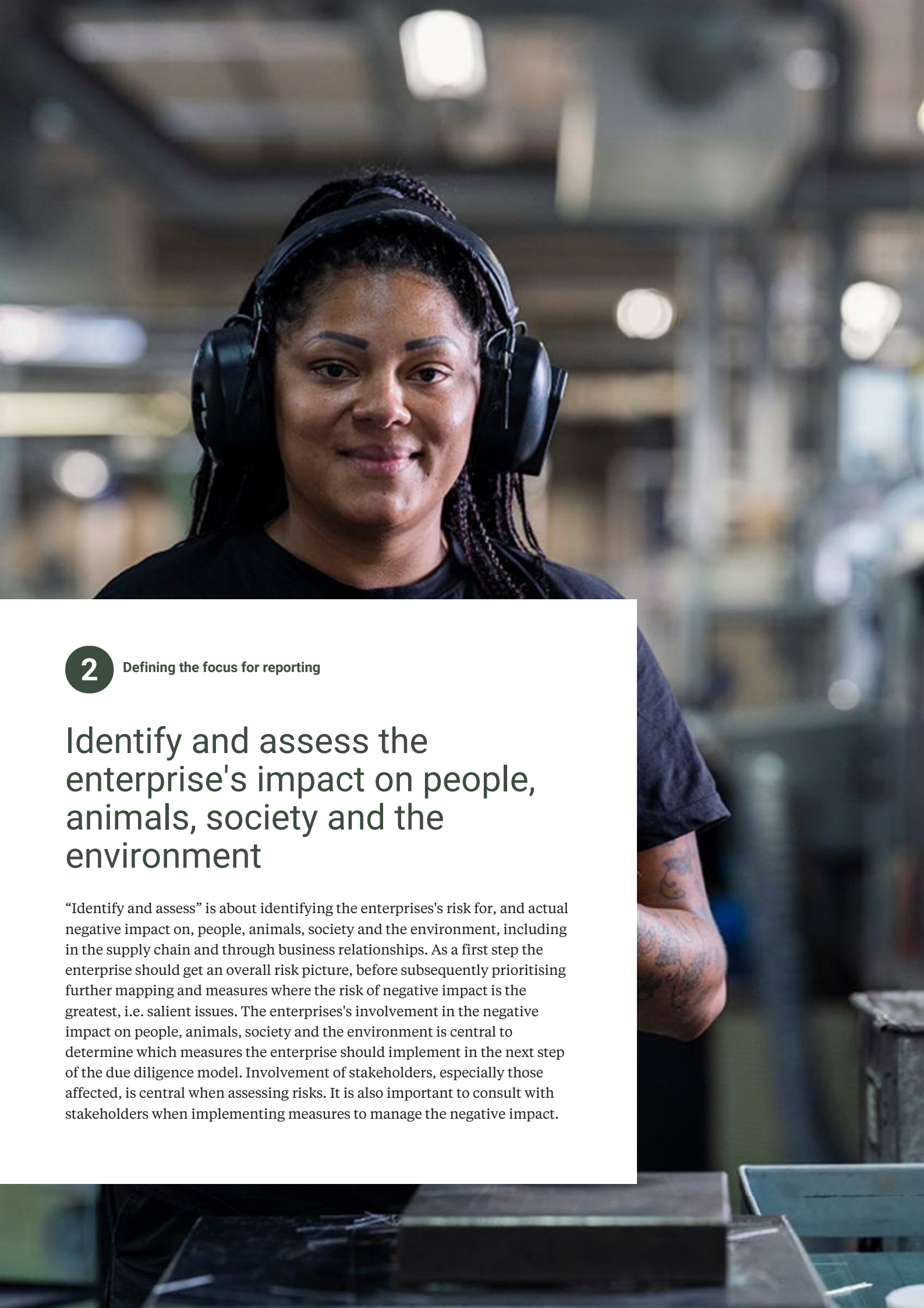
During 2022-2023 Orkla House Care worked on a big ERP project that included the majority of the functional departments of the organization. The implementation of the ERP system will enable and improve data collection relevant for monitoring and follow up of important sustainability topics. We acknowledge that quality of data is key for succeeding with our future sustainability developments. The new ERP system had GoLive in May 2023 and has been a success, but still with some improvements to be done in both functionality, way of working and use of data.

Orkla Supplier Portal (OSP) enables the Orkla companies to share information and status of the suppliers in one instance. Orkla House Care have given input to the project, ensuring relevance for our suppliers, types of raw materials and relevant risks and more. During 2023 all suppliers were onboarded to the OSP automatically ensuring risk assessment and sanction screening is carried out by internal and external partners. In 2024 we will progress to connect all suppliers to the portal enabling the gathering of latest supplier code of conduct, manage further risk assessment and coordinate within the portal social/ethical and technical auditing based on risk.

The introduction of the Norwegian Transparency Act led to strengthened focus on human rights due diligence in the value chain, sharing of competence and training internally in management teams and departments of relevance. Our first year of reporting in 2023 was a good exercise internally in OHC and contributed to higher level of insight and awareness in the organization.

In November 2023 we conducted a cross functional workshop in OHC on the UNGPs/OECD framework, also referred to as the global minimum standard, or minimum safeguards. After first onboarding all participants, ensuring shared understanding of the framework, we conducted our first full impact assessment on the triple bottom line, aligned with the UN Guiding Principles on Business and Human Rights, and the OECD Guidelines for Multinational Enterprises. This included assessing risk on 48 human rights (incl. labour rights), 20 environmental (incl. climate) and 16 economic (incl. anti-corruption) topics. We publicly disclose our final assessments on our website.

One of the significant changes from this, is that we will now have action plans down to each single right and topic, which we are now using to prioritize before submitting final version of assessment.



## 2

### Defining the focus for reporting

## Identify and assess the enterprise's impact on people, animals, society and the environment

“Identify and assess” is about identifying the enterprises's risk for, and actual negative impact on, people, animals, society and the environment, including in the supply chain and through business relationships. As a first step the enterprise should get an overall risk picture, before subsequently prioritising further mapping and measures where the risk of negative impact is the greatest, i.e. salient issues. The enterprises's involvement in the negative impact on people, animals, society and the environment is central to determine which measures the enterprise should implement in the next step of the due diligence model. Involvement of stakeholders, especially those affected, is central when assessing risks. It is also important to consult with stakeholders when implementing measures to manage the negative impact.

## 2.A Mapping and prioritising

### PRIORITISED ACTUAL OR POTENTIAL NEGATIVE IMPACT ON PEOPLE, ANIMALS, SOCIETY, AND THE ENVIRONMENT

*Prioritising one or more risk areas on the basis of severity does not mean that some risks are more important than others, or that the company should not take action on other risks, but that risks with the greatest negative impact are prioritised first. Mapping and prioritisation are a continuous process.*

**2.A.1 List the enterprises's actual negative impacts and/or prioritized significant risks of negative impact/harm on people, animals, society and the environment. Take note that the prioritized risk that you list in the table below will be exported to step 3 of this report, where you will be asked to answer how you work with stopping, preventing, or reducing the negative impact.**

Salient issue	Related topic	Geography
Human rights (incl. labor rights) - in own operations <i>Right to safe &amp; healthy working conditions</i>	Occupational Health and safety	The European Union Western Europe
Environment - in own operations <i>Use of energy, Use of raw materials, Use of chemicals, Handling and transportation of dangerous substances, Air emissions, Animal welfare, Waste management of water, Waste management of solid waste</i>	Environment Animal welfare Emission Greenhouse gas emission Energy Waste Water Use of materials	Global
Economic - in own operations <i>Bribes to or corruption of private counterparts, Offering or accepting gifts beyond stated value, Abstain from cronyism and nepotism, Clearly define job duties based on skills, qualifications and experience, Anti-trust and anti-competition</i>	Corruption	China
Human rights (incl. labor rights) - in Business Relationships <i>Right to safe and healthy working conditions, Right to social security, including social insurance, Right to rest, leisure and paid holidays</i>	Occupational Health and safety Working hours	China

In OHC we separate between due diligence in own operations, and in business relationships.

During 2023 we conducted our first full impact assessments aligned with UNGPs/OECD, where we considered

risks on all essential sustainability areas (48 human rights / 20 environmental / 16 anti-corruption/economic). Where we found 'no risks' of adverse impacts, we described why we reached such conclusion. In the first assessments we noted all impacts as 'Potential' negative impacts, regardless of the fact that actual impacts may have occurred during the previous year. Actual adverse impacts will be noted for the future, starting from the annual update later this year.

The abovementioned issues are therefore to be regarded as Potential negative impacts, not actual impacts.

Additionally, we use the UNGPs/OECD definition of what is an adverse impact, and when it is *severe*.

We note in our FAQ that:

*An adverse impact is an impact that your company has or potentially has on human rights, the environment or key elements of economic sustainability, i.e., anti-corruption, -competition or tax.*

*An adverse impact occurs when an action or omission removes or reduces the ability for a person or a group of persons to enjoy their human rights, strains the environment, or in case of engaging in corrupt practices.*

*The severity of an impact is defined from an evaluation against the following three parameters:*

**Scale:** *Relates to the gravity of an impact. How grave is the impact for the affected party(ies) – e.g. employees or ground water.*

**Scope:** *Relates to the number of affected individuals or how widespread the impact is. How many are affected by the impact, or how big is the omission? There might, for example, be many customers exposed to adverse impacts on the right to health, when a big geographical area exposed to pollution.*

**Irremediability:** *Relates to the possibility to remediate the impact for all involved parties. Is it possible to make your impact good again for the affected parties? E.g. if a person loses their life, the impact is severe as it is irremediable.*

*It is important that all risks of impacts are evaluated individually with regard to the three parameters. You should manage all adverse impacts, but in case it is necessary to prioritize company efforts, the three parameters can function as a guide to establish what impacts are severe and thus should be prioritized for immediate attention.*

*Typically, business relationships can and should deal with all risks of adverse impacts that they cause or contribute to, while prioritization will become necessary when acting in relation to risks of impacts that one is merely 'linked to' through business relationships. It is especially important to address an impact immediately, if delayed action may cause the impact to become severe.*

Furthermore, we focus assessments on where OHC may 'cause' or 'contribute to' adverse impacts. When OHC is merely 'linked to' adverse impacts; the assessments identify known severe impacts in the value chains only. Our assessments are expected to improve over time taking information from the systematized approach requiring responsible business conduct by business relationships. We appreciate, that a minimum requirement for us, as part of our due diligence according to the UNGPs/OECD, is to require from our business relationships, that they also meet the minimum standard for responsible business conduct, and to engage any business in our value chain should they cause or contribute to severe impacts.

In addition to updating our impact assessment later this year and including actual impacts, conducting a Double Materiality Assessment will enable us to prioritize properly between the risks of negative impacts.

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## JUSTIFICATION FOR THE PRIORITISATION OF RISKS OF NEGATIVE IMPACT ON PEOPLE, ANIMALS, SOCIETY, AND THE ENVIRONMENT

**2.A.2 Describe: a) the enterprise's routines for mapping and identifying risk and show how the negative impact was identified and prioritised in this period: b) eventual aspects of the enterprise that have not been covered in this report**

(product groups, own products, departments etc.) and why you not chose to prioritize these in the continued work: c) how information was gathered, what sources were used, and which stakeholders have been involved/consulted: d) whether you have identified areas where information is lacking in order to get an overview, and how you are planning to proceed to collect more information/handle this.

a)

IDENTIFY & ASSESS ADVERSE IMPACTS:

#### All Business Units / All Countries

We realise that all companies, no matter where they operate or what they do, are at risk of sustainability impacts, and intend to assess all our business units with more than 20 people employed. We assess one unit at the time starting with Head Quarters. These assessments serve as practical examples, when conducting additional operational level impact assessments and when engaging our business relationships.

#### All Human Rights, Environmental, and Economic Areas

We consider risks on all essential sustainability areas (48 human rights / 20 environmental / 16 anti-corruption/economic) aligned with the UNGPs/OECD. Where we find 'no risks' of adverse impacts, we describe why we reached such conclusion.

*Overview of the sustainability topics:*

<https://globalcsr.net/overview-of-the-48-human-rights/>

<https://globalcsr.net/overview-of-the-20-environmental-areas/>

<https://globalcsr.net/overview-of-the-16-economic-areas/>

#### Engagement with Impacted Stakeholders

We appreciate that solid stakeholder engagement forms part of the due diligence process. To ensure informed stakeholder engagement, we conduct the first assessments with limited interactions with stakeholders. The engagements become real and informed once we share our assessments with impacted stakeholders, asking for input to improve and for grievances, should impacts occur.

#### Likely Impacts, not all imaginable / All Impacts, not limited to severe

We focus our assessments on the more likely impacts, not all imaginable impacts. However, we do not limit the assessment to the identification of risks of 'severe' impacts, appreciating that the intention of UNGPs due diligence is to ensure that impacts do not escalate becoming severe.

#### First Assessments / Risks Only

For the first assessments in a business unit, we focus on potential adverse impacts only. Hereby, we give the business unit in question the ability to better involve themselves in the work preventing or mitigating adverse impacts moving forward. During the subsequent annual re-assessments actual impacts are also included. It is our belief that the positive collaboration in becoming sustainable will be enhanced by not looking for flaws but risks only. We must appreciate that many such risks were not necessarily managed previously.

#### Focus on 'Cause' or 'Contribute to' connections to Impacts

We focus assessments on where OHC may 'cause' or 'contribute to' adverse impacts. When OHC is merely 'linked to' adverse impacts; the assessments identify known severe impacts in the value chains only. Our assessments are expected to improve over time taking information from the systematized approach requiring responsible business conduct by business relationships. We appreciate, that a minimum requirement for us, as part of our due diligence according to the UNGPs/OECD, is to require from our business relationships, that they also meet the minimum standard for responsible business conduct, and to engage any business in our value chain should they cause or contribute to severe impacts.

#### Due Diligence in Value Chains

We have not previously applied expectations of responsible business conduct in complete alignment with the

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UNGPs/OECD to our business relationships (although we have applied clear expectations through the Orkla Supplier Code of Conduct and Orkla Business Partner Code of Conduct, including requirements on responsible business conduct). We expect that establishing such practice will enable us to better identify severe impacts, that we are merely 'linked to'.

In addition, we follow Orkla ASA governing principles, owner requirements and expectations on ESG, including Due Diligence, Responsible Sourcing and more. An example from our upstream Due Diligence is the Orkla Supplier Portal, which enables communication of our Orkla Supplier Code of Conduct, risk assessments, SAQs, or audits if relevant, all based on a three-step risk model. Implementing the UNGPs/OECD framework in addition to improving on current Due Diligence is expected to provide us with valuable insights for the future.

The full results of the OHC impact assessments are disclosed publicly on our website. Also, the planned Double Materiality Assessment is aimed to clarify further prioritization of risks and impacts.

b)

We have prioritized own operations and first tier suppliers as part of current risk assessments and sustainability due diligence. We aim to improve our assessment of risk and due diligence in certain areas of our supply chain, such as e.g., raw materials. In relation to ongoing work with new company strategy, a more thorough risk assessment will improve identification of relevant risks in our value chain and determine if more aspects should be covered. The ambition is to have a more specific list of salient risks to follow up on.

c)

It is a cross functional work to gather information and data for the risk and impact assessments. E.g. resources from supply chain, procurement, HR, quality, etc.

Internal ERP systems are used for collection of data. Also results from internal and external (suppliers) audits are used as sources for information.

Other sources for information include, but is not limited to, whistle blower system, stakeholder feedback, employee surveys, industry knowledge, networks, NGOs, etc.

For Human Rights, and in connection with the Orkla's Responsible Employer and Human Rights Policy, Orkla House Care conduct annual risk assessments.

Read here for more information: <https://prod.orkla.webcore.no/wp-content/uploads/sites/2/2022/03/Orkla-Human-and-Labour-Rights-Policy.pdf>

For environmental aspects, we conduct specific annual assessments on our own factories related to ISO 14001 certification. Findings are included in action plans for relevant departments and used as input to company impact assessments.

For Anti-Corruption, in 2021 Orkla ASA implemented an anti-corruption program to identify risk and potential negative impacts. All employees have conducted awareness training through e-learning and on-site sessions at our factory in China. During 2023 OHC planned to develop and implement an OHC Anti-corruption Manual, aligned with the ASA program to further improve mapping and identification of risks. Development and implementation of this Manual is set as planned action for 2024.

Supply Chain department conducts biannual risk assessment of suppliers, covering financial, quality, EHS, and more. Results are used for prioritizing actions, audits, and other follow ups of the suppliers.

d)

As we continuously improve on the area of responsible business conduct, OHC is basing our impact assessments on internationally agreed principles (UNGPs/OECD) to ensure our priorities are directed towards most significant risks in own operations and our value-chain, on human rights (including labour rights), environment and anti-corruption. We expect to conduct our first Double Materiality Assessment during 2024, as part of the new OHC strategy and in alignment with Orkla ASA requirements. This will also include financial perspective, in addition to impacts, and enable better overview of risks, opportunities and impacts related to responsible business conduct.

## ADDITIONAL SEVERE IMPACTS

**2.A.3 Describe any other negative impacts on people, animals, society and the environment that were identified in the mapping of the enterprise, supply chain or other business relationships during the reporting period and how these have been handled.**

(See comment section under section 2.A.1.)

When conducting our first Double Materiality Assessment we will clearly identify what impacts are material, and not, for OHC. The list of potential negative impacts listed under section 2.A.1. is therefore not yet assessed according to double materiality, and mapped as material and not material.

We expect to better distinguish between such impacts in next year's report.



### 3

#### Management of salient issues

## Cease, prevent or mitigate negative impacts

“Cease, prevent and mitigate” is about managing findings from the risk assessment in a good way. The most salient negative impact on people, animals, society and the environment should be prioritised first. This does not mean that other risks are insignificant or that they are not handled. The way the enterprise is involved in the negative impact is key to taking the appropriate action. Negative impact that the enterprise causes or contributes to must cease, be prevented and be reduced. To address negative impact directly linked to the enterprise, e.g. in the supply chain, the business must use its leverage to influence the entity causing the negative impact to cease, prevent or mitigate it. This involves developing and implementing plans and routines to manage risk and may require changes to the enterprise's own policy documents and management systems. Effective management of the negative impact on people, animals, society, and the environment is a major contribution to the achievement of the Sustainable Development Goals (SDGs).

### 3. A Cease, prevent or mitigate

3.A.1 For each salient risk, add a goal, progress status and describe the measures you have implemented to handle the enterprise’s prioritized negative impact on people, animals, society, and the environment

<p>Salient issue</p>	<p><b>Human rights (incl. labor rights) - in own operations</b>  <b><i>Right to safe &amp; healthy working conditions</i></b></p>
<p>Goal :</p>	<p>Cease, prevent or mitigate negative impacts on the <i>Right to safe and healthy working conditions</i></p>
<p>Status :</p>	<p>OHC assesses that we may be at risk of adverse impacts on this right.  (POTENTIAL NEGATIVE IMPACT, NO ACTUAL IMPACT IDENTIFIED)</p> <p><b><u>Right to safe and healthy working conditions</u></b></p> <p>We may have adverse impacts that are specific to the location, i.e. office environment, production site. In our office environments, risks occur primarily in relation to stress and desk work being performed in front of a computer. At our production sites, additional risks may occur in relation to job tasks performed and the workplace environment. At sales offices, we may also experience risks concerned with traveling extensively by car.</p> <p>Risks may concern:</p> <ul style="list-style-type: none"> <li>- Stress</li> <li>- Ergonomics</li> <li>- Desk work in front of a computer</li> <li>- The psychosocial working environment</li> </ul> <p>Specific risks at production sites may concern:</p> <ul style="list-style-type: none"> <li>- Use of machines and trucks</li> <li>- Work at different heights and on slippery floors</li> <li>- Storage and handling of chemicals (potential exposure)</li> <li>- Exposure to dust and noise generated in production</li> <li>- Heavy lifting</li> <li>- Repetitive manual tasks</li> <li>- Risks of fire due to machinery malfunctions</li> <li>- Use of chemicals, e.g. epoxy glue, Kerosene etc.</li> <li>- Emissions of odour and noise in production</li> </ul>

**Goals in reporting year :**

The *Right to safe and healthy working conditions* has been a priority and focus area in Orkla House Care for many years, and will continue to be in the years ahead.

Safe and healthy working conditions is particularly relevant for OHC in our production facilities/factories where job tasks include operating machines and trucks, and where the workplace surroundings for the employees has a higher inherent risk of negative impacts compared to e.g., an office environment. We do, however, recognize the potential negative impacts on this right in any part of OHC, but the potential risk was only identified as severe in our factories, not our office environments.

OHC continuously track and report on the following, related to the *Right to safe and healthy working conditions*:

- Lost working days rate
- Total recordable injuries
- Number of reported observations (near misses)
- Unsafe conditions
- Unsafe behaviour
- Sick leave (long/short term)

**Describe already implemented or planned measures to cease, prevent or mitigate negative impacts and reasoning behind the selected measures :**

OHC assesses that we *May Cause* negative impacts on this right.

OHC already implemented measures to cease, prevent or mitigate negative impacts on this:

- Facilitates an annual EHS Week was held across the group to strengthen internal commitment and involve everyone in developing the culture to achieve our vision of zero injuries.
- Has routines to prevent/minimise work related health challenges and established procedures for rehabilitation.
- Conducts regular employee development talks and training on this topic.
- Conducts regular staff satisfaction surveys incl. questions on health and stress.
- Registers sick leave days and follows up in cases of high levels of sick leave.
- Provides all desks with guidance for the user on how to use the desk in an ergonomic way.
- Has height adjustable desks for all employees enabling employees to stand/sit.
- Meets all reasonable requests for special ergonomic needs when providing equipment for the work.
- Has provided access to workout opportunities for employees.
- Ensures that employees to have the opportunity to take part in developing goals and plans, in risk analyses and in investigations after accidents.
- Has regular fire evacuations training and first-aid training.
- Offers flu vaccinations.
- Offers health insurances that covers access to psychologists
- Ensures that travelling staff has safe cars that are replaced every four years
- Ensures that all staff cars are equipped with hands-free equipment
- Has auto insurance that ensures immediate roadside assistance
- Includes safety and driving in EHS talks, and instructs drivers to take regular breaks

- Ensures that the insurance applicable for the office during work, is extended to staff working from home

Additional implemented measures specific for production sites:

- Has a near-miss system
- Trains staff in how to use equipment and perform tasks in a way that ensures a safe and healthy working environment.
- Has procedures to manage alone workers
- Has occupational health care
- Has a safety engineer that visits our site monthly
- Conducts regular workplace assessments/risk assessments
- Are subjected to checks by the authorities upon incident reporting, and recognise that checks may occur.
- Ensures that we are updated and compliant with legal requirements with the assistance of reputed external services.
- Conducts regular staff talks in which the topic of the working environment and the work pressure is raised.
- Has daily meetings where we discuss EHS
- Has a committee on which managers and employees cooperate on EHS work.
- Provides staff with the necessary equipment to perform tasks safely, including earmuffs, safety shoes and masks.
- Encourages reporting incidents to reduce the risk of accidents in the factory.
- Has sprinkler systems.
- Has regular first-aid training
- Has fire evacuation trainings annually
- Has health check-ups every five years for employees

Additional planned actions:

- Consider communicating signs of stress related conditions to all employees.
- Implement a committee on which managers and employees cooperate on EHS work.
- Look into incident registration going forward (post 'launch of the OHC way')
- Develop an overall OHC group EHS policy. (ongoing)

**Describe actual or expected results of measures mentioned above, as well as goals and activities for the coming reporting year :**

We have identified *Indicators of Effectiveness*, to enable tracking and evaluation of effectiveness of our actions to address this impact.

OHC aim to set indicators that are adequate to evaluate whether OHC has responded effectively to the identified impact, and whether OHC is continuously improving our response to the impact.

The indicators are:

1. Number of reports/reports on safe and healthy working conditions.
2. Number of sick leave days (Target: below 4%)
3. Workplace Assessment performed
4. Results on psycho-social (stress related) aspects in staff survey
5. Number of work-related injuries reported

Salient issue	<p><b>Environment - in own operations</b>  <i>Use of energy, Use of raw materials, Use of chemicals, Handling and transportation of dangerous substances, Air emissions, Animal welfare, Waste management of water, Waste management of solid waste</i></p>
Goal :	<p>Cease, prevent or mitigate negative impacts on the <i>Use of energy, Use of raw materials, Use of chemicals, Handling and transportation of dangerous substances, Air emissions, Animal welfare, Waste management of water, Waste management of solid waste</i></p>
	<p>OHC assesses that we may be at risk of 'causing' or 'contributing to' significant adverse impacts on these 8 environmental areas. (POTENTIAL NEGATIVE IMPACTS, NO ACTUAL IMPACTS IDENTIFIED)</p> <p>As we have not yet conducted our first Double Materiality Assessment, hence not prioritized the issues according to what is material for OHC, we hereby note all identified <u>potential</u> impacts. Prioritization and communication of OHC material topics, and handling of these topics, will be clarified and improved during 2024 and after the first Double Materiality Assessment, and disclosed in future Ethical Trade reports.</p> <p><b><u>Use of energy</u></b></p> <p>OHC assesses that we may be at risk of significant impacts in this area. We use significant amounts of energy for our daily operations in running our production site and in the manufacturing of our products. We have additional energy consumption in our office environment. This mainly concerns use of electricity.</p> <p>Risks may concern:</p> <ul style="list-style-type: none"> <li>- Powering of electric trucks and cars.</li> <li>- Powering of machinery.</li> <li>- Increased consumption during increased periods of production.</li> <li>- Heating, through district heating</li> <li>- Lighting</li> </ul> <p>Further, OHC appreciates that our use of energy constitute scope 2 in relation to our Green House Gas emissions (GHGe) and that all companies should engage in cutting GHGe, confer also - Emissions to Air. OHC uses energy for our daily operations in our office environments. We assess that we do not cause or contribute to significant adverse impacts in relation to the use of energy for our HQ. Nonetheless, we continuously look into methods to minimise our use of energy. We recognise that choices made at corporate level also affect the energy use at our production sites.</p>



Status :

### **Use of raw materials**

OHC assesses that we may be at risk of contributing to significant impacts in this area.

We both trade products that include raw materials, and use raw materials in our production that we buy from our suppliers, including but not limited to wood, metal, metal alloys and plastic components. This concerns both products and packaging.

### **Use of chemicals**

OHC assesses that we may be at risk of significant impacts in this area.

We use chemicals in the production, product testing and in trading of chemical products. We further acknowledge that some raw materials are subject to control by the Swedish chemical control authorities (kemikalieinspektionen). We further acknowledge that products we purchase must comply with REACH (EU regulation on use of substances).

We may have a risk concerning materials that may include chemicals that could create a risk to the environment and humans.

We further acknowledge RoHS in the context of trading electronic products.

### **Handling and transportation of dangerous substances**

OHC assesses that we may be at risk of contributing to significant impacts in this area.

We may contribute to impacts, as decisions made at HQ links to risks at production sites. We handle and transport dangerous substances in our production facilities. This includes epoxy glue, kerosene, solvent based paint, and liquified petrol gas (LPG).

### **Air emissions**

OHC assesses that we may be at risk of significant impacts in this area in terms of scope 1, 2 and 3.

Risks mainly concern:

- Production decisions, including products and use of materials
- Business travels
- Transportation of goods (land, sea and occasionally air).

We acknowledge that air emissions is directly linked to decisions made on corporate level.

### **Animal welfare**

OHC assesses that we may be at risk of contributing to significant impacts in this area.

OHC uses animal hair in some of our products, although we are phasing out the use of such components. We acknowledge that animal hair in some of our products, may be difficult to replace due to the characteristics of the intended use, e.g. high temperatures.

### **Waste management of water**

OHC assesses that we may be at risk of contributing to significant impacts in this area.

Whilst we do not use significant amounts of water in our office building, we recognise that we may be contributing to significant impacts through the cleaning of our products after use, and by the use of chemicals that generate water waste in production of raw materials, at suppliers.

### **Waste management of solid waste**

OHC assesses that we have risks of significant impacts in this area.

In our office environments, we do not generate significant waste.

However, we appreciate that we need to nurture a culture of recycling also at our offices. We also acknowledge, that decisions concerning product design and packaging impacts the amount of waste generated at our production sites, and by end users of our products. Risks may also concern waste generated in production processes.

### **Goals in reporting year :**

One of our goals for 2023 was to develop a CO2e emission base line including scope 1, 2 and 3, to support action plans with priorities. Due to updating of company strategy, this goal has been delayed and is part of 2024 strategic initiative.

A second goal for 2023 was to strengthen tracking and data collection related to waste and scrap in production through new ERP system, and to use results to identify potentials for improvement. Good progress has been made in this area, including e.g., daily scrap reports for identifying improvements to reduce scrap in production. We will continue to focus on this for the coming years.

Thirdly, we continuously aim to improve use of materials in products and packaging in accordance with strategy and KPIs. This goal is interlinked with the development of a full CO2 baseline, where we expect to identify the main contributors of emission from Scope 3 (materials use), to further target our efforts. We will continue to focus on this for the coming years.

### **Describe already implemented or planned measures to cease, prevent or mitigate negative impacts and reasoning behind the selected measures :**

#### **Use of energy**

OHC already implemented measures to cease, prevent or mitigate negative impacts on this:

- Has multiple reduction initiatives ongoing, energy saving and efficiency, replacement of fossil energy sources.
- Purchases green certificates to ensure renewable energy consumption across sites
- Continues to replace old lighting with LEDs across sites
- Tracks, and reports on energy use
- Has a management system in place, based on the ISO 14001 standard

Additional implemented measures specific for production sites:

- Is continuing transition to LED lighting, automatic sensors, automated ventilation, and similar.
- Has installed measurement points for opportunities for energy use optimisation.

Additional planned actions:

- Continue investigating into smart energy solutions
- Re-consider introducing solar panels on factories
- Replace existing ventilation units in our SE factory with more energy efficient units to reduce our energy consumption (ongoing).

### **Use of raw materials**

OHC already implemented measures to cease, prevent or mitigate negative impacts on this:

- Continuously works to optimise use of raw materials in product and packaging design, including reduction of scrap rates.
- Strives to buy recycled materials like plastic, paper and cardboard.
- Recycles raw materials
- Is increasing use of FSC certified products, packaging and marketing materials.
- Reports on sustainability on a project basis, including production, packaging, products and people
- Ensures that all manufacturing sites are FSC certified

Additional planned actions:

- Further strengthen competence on how to manage risks proactively.
- Assess risks to determine which raw materials to prioritise, ensuring that scarce natural resources are included.
- Look into amount of raw material use in packaging and product design, aiming to reduce.

### **Use of chemicals**

OHC already implemented measures to cease, prevent or mitigate negative impacts on this:

- Strives to limit the amount of chemicals whenever possibly by evaluating the need and keep up to date with developments.
- Is working to reduce the use of epoxy glue.
- Complies with relevant regulations on the use of chemicals on all sites, e.g. through safe storage, training, register.
- Includes product safety sheets where applicable.

Additional implemented measures specific for production sites:

- Trains staff on use, handling and management of chemicals.
- Keeps chemicals in separate, secure storage
- Keep chemicals in fire proof storage when needed.

Any additional planned actions is currently under review.

### **Handling and transportation of dangerous substances**

OHC already implemented measures to cease, prevent or mitigate negative impacts on this:

- Has standard operating procedures for safe management and transportation of dangerous substances.
- Trains staff on handling and transportation of hazardous substances.

- Ensures adequate labels on containers of hazardous substances.

Any additional planned actions is currently under review.

### **Air emissions**

OHC already implemented measures to cease, prevent or mitigate negative impacts on this:

- Is committed to the Orkla ASA Science-Based Targets (SBTi), consisting of a 65% reduction in Green House Gas (scope 1 and 2) emissions (GHGe) from own operations in 2025, a 70% reduction from own operations by 2030, and to net zero GHGe across the value chain by 2045.

Additional implemented measures specific for production sites:

- Measures emissions of kerosene.

Additional planned actions:

- Establish GHGe protocol, including Scope 3.

### **Animal welfare**

OHC already implemented measures to cease, prevent or mitigate negative impacts on this:

- Continuously works to improve decisions in terms of choosing materials for the production of our products.
- Continuously seeks to phase out the use of animal hair.

Any additional planned actions is currently under review.

### **Waste management of water**

OHC already implemented measures to cease, prevent or mitigate negative impacts on this:

- Encourages users to clean materials and dispose of used products in an appropriate manner, based on third party research on product cleaning and disposal, aiming to reduce environmental impacts throughout lifecycle.

Any additional planned actions is currently under review.

### **Waste management of solid waste**

OHC already implemented measures to cease, prevent or mitigate negative impacts on this:

- Offer recycling stations for appropriate handling of generated waste in all offices.
- Works to reduce packaging used, primarily virgin plastic.
- Uses recycled materials.
- Reduces waste to the extent possible.
- Measures and reports amounts of generated solid waste at production sites.
- Works to optimise use of materials in production, to reduce amount of waste generated. The bulk of waste concerns cardboard, plastic and scrap material.

Additional implemented measures specific for production sites:

- Works with a waste management and recycling partner to ensure safe and efficient management of waste.
- Seeks to reuse materials.
- Has specific targets concerning scrap.

Additional planned actions:

- Ensure increased measurement of waste generated through ERP system to further target improvement initiatives.

**Describe actual or expected results of measures mentioned above, as well as goals and activities for the coming reporting year :**

We have identified Indicators of Effectiveness, to enable tracking and evaluation of effectiveness of our actions to address this impact.

OHC aim to set indicators that are adequate to evaluate whether OHC has responded effectively to the identified impact, and whether OHC is continuously improving our response to the impact.

The indicators are:

**Use of energy**

1. Energy used
2. Effect of reduction activities (targets)
3. Results of investigations into smart solutions

**Use of raw materials**

1. Amount of recycled materials bought per year
2. % of suppliers who have signed our Supplier CoC

**Use of chemicals**

1. Reduction of amount of chemicals used per year.
2. Number of reports/grievances in this area

**Handling and transportation of dangerous substances**

1. Number reports/grievances on this right

**Air emissions**

1. % of Scope 1, 2 and 3 emissions.
2. Business relationships contacted.
3. Yearly travels that have been decided to be conducted online rather than travels by airplane.
4. % of flights that are CO2 compensated.

**Animal welfare**

1. Number of products that include animal-derived components (natural bristles).

**Waste management of water**

1. Number of grievances/reports relating to this area

**Waste management of solid waste**

1. Amount of recycled materials used.
2. Number of reports/grievances in this area
3. Results of targets concerning scrap

Salient issue	<p><b>Economic - in own operations</b>  <i>Bribes to or corruption of private counterparts, Offering or accepting gifts beyond stated value, Abstain from cronyism and nepotism, Clearly define job duties based on skills, qualifications and experience, Anti-trust and anti-competition</i></p>
Goal :	<p>Cease, prevent or mitigate negative impacts on <i>Bribes to or corruption of private counterparts, Offering or accepting gifts beyond stated value, Abstain from cronyism and nepotism, Clearly define job duties based on skills, qualifications and experience, Anti-trust and anti-competition</i></p>

Status :

OHC assesses that we may be at risk of significant adverse impacts on these 5 economic areas. (POTENTIAL NEGATIVE IMPACTS, NO ACTUAL IMPACTS IDENTIFIED)

As we have not yet conducted our first Double Materiality Assessment, hence not prioritized the issues according to what is material for OHC, we hereby note all identified potential impacts. Prioritization and communication of OHC material topics, and handling of these topics, will be clarified and improved during 2024 and after the first Double Materiality Assessment, and disclosed in future Ethical Trade reports.

**Bribes to or corruption of private counterparts**

OHC assesses that we may be at risk of significant impacts in this area. We work in close partnership with a range of large companies, and are dependant on those partnerships. We cannot rule out that benefits could be sought through bribery.

**Offering or accepting gifts beyond stated value**

OHC assesses that we may be at risk of significant impacts in this area. We may be in a position to give or receive gifts of a size that could influence business decisions.

**Abstain from cronyism and nepotism**

OHC assesses that we may be at risk of significant impacts in this area. We employ, and recruit staff, and make use of suppliers and contractors, that may have both personal and family relationships with existing OHC employees.

**Clearly define job duties based on skills, qualifications and experience**

OHC assesses that we may be at risk of significant impacts in this area. The activities of OHC demand clear and defined competencies otherwise the risk of nepotism and conflicts of interest might grow.

**Anti-trust and anti-competition**

OHC assesses that we may have risks of significant impacts in this area. Although we operate in a fiercely competitive market, we recognise that we are of a size and have a market position, where we could be invited to participate in anti-competitive activities, etc.



**Goals in reporting year :**

High priority during 2023 was to conduct and update OHC risk and impact assessments, including on economy and anti-corruption. Results are explained throughout this report, and will be made publicly available during 2024.

(See also 3.b.7)

In addition, annual e-training is conducted to ensure everyone in Orkla House Care has the sufficient understanding and knowledge to manage situations associated with risk.

**Describe already implemented or planned measures to cease, prevent or mitigate negative impacts and reasoning behind the selected measures :**

**Bribes to or corruption of private counterparts**

OHC already implemented measures to cease, prevent or mitigate negative impacts on this:

- Has a zero tolerance policy on corruption and bribery.
- Makes all employees aware that corruption constitutes crime, and that employees may become subject to criminal liability.
- Includes anti-corruption into regular staff meetings, decision making and in hiring procedures.
- Has external auditors that ensure fully transparent transactions and economy.
- Has implemented an updated e-learning course on anti- corruption and ensures it is followed through by employees.
- Includes anti-corruption in all our Codes of Conduct.
- Has an Anti-corruption Manual, aiming to comply with applicable anti-corruption and bribery laws, by describing OHC's approach to prevent, detect and report bribery and corruption.
- Has a four-eye principle for all expenditures, that are not negligible.
- Has established an internal audit processes.
- Has a whistleblower system

Additional planned actions:

- Launch OHC common management system «The OHC Way», including internal controls.

Integrated into existing tasks and resources. (Launched)

- Establish a risk management process including double materiality, which covers both financial and non-financial risks based on Orkla guidelines (2024).
- Conduct trainings on anti-corruption for key roles, in addition to the general e-learning (ongoing).

**Offering or accepting gifts beyond stated value**

OHC already implemented measures to cease, prevent or mitigate negative impacts on this:

- Has an anti-corruption Manual which includes clear guidelines related to the area of giving or receiving gifts.
- Gifts, hospitality, and other benefits are permitted only if they meet the requirements set out in said Manual.
- Prohibits benefits that could improperly influence business decisions (or be perceived as such).

The Manual:

- Describes the definitions of bribery and corruption related to this area, including examples of

typically (not) accepted gifts.

- Requires all employees to notify their manager before offering/accepting gifts, hospitality, or other benefits of significant value, and seek approval if required.
- Strictly prohibits acceptance or offering of cash or similar.
- Includes travelling/accommodation expenses of Business Relationships (BR) and participation in courses, seminars and events arranged by a BR at the expense of the BR.

Any additional planned actions is currently under review.

### **Abstain from cronyism and nepotism**

OHC already implemented measures to cease, prevent or mitigate negative impacts on this:

- Ensures that recruitment and selection process complies with principles of non-discrimination, impartiality, autonomy and independent judgement, which are intended to guarantee that the final decision regards the individual most qualified to hold the position in question and includes an offer that is proportionate to the candidate's qualification and competitiveness on the reference market.
- Communicates that no direct or indirect benefit or advantage of any kind may be requested or accepted in any recruitment process by any OHC employee/manager.
- Has an approval matrix for order authority for respective roles
- Recognises that temporary interns and workers may have relationships with existing employees, making them more eligible for future permanent employment

Additional planned actions:

- Consider the need to specify guidance on how to deal with friends and family relationships in relation to recruitment, procurement (including IMS) and promotions.
- Define and communicate order approval process.

### **Clearly define job duties based on skills, qualifications and experience**

OHC already implemented measures to cease, prevent or mitigate negative impacts on this:

- Ensures clearly defined and updated job descriptions for employees.

Any additional planned actions is currently under review by management.

### **Anti-trust and anti-competition**

OHC already implemented measures to cease, prevent or mitigate negative impacts on this:

- Has zero tolerance for corruption, breach of international sanctions or activities that restrict free competition.
- Facilitates an e-learning programme on competition law.
- Avoids conversations with competitors on pricing, strategy and customers.
- Ensures heightened attention to avoid such discussions, when participating in trade associations, fairs and similar trade events.
- Does not engage in predatory pricing strategies aimed at driving competitors out of markets.
- Refutes any attempts on price fixing.

Any additional planned actions is currently under review by management.

- Develop and implement OHC Competition Law Manual. (2024)
- Develop and implement OHC Dawn Raid Manual. (2024)
- Consider further recommendations from external GRC review.

**Describe actual or expected results of measures mentioned above, as well as goals and activities for the coming reporting year :**

We have identified Indicators of Effectiveness, to enable tracking and evaluation of effectiveness of our actions to address this impact.

OHC aim to set indicators that are adequate to evaluate whether OHC has responded effectively to the identified impact, and whether OHC is continuously improving our response to the impact.

The indicators are:

**Bribes to or corruption of private counterparts**

1. Number of accusations/reports/grievances in this area
2. % of employees that have completed e-learning on anti-corruption
3. OHC common management system launched (The OHC way)
4. Risk management process established
5. Training for key roles conducted (%)

**Offering or accepting gifts beyond stated value**

1. Number of reports/grievances in this area (third parties)

**Abstain from cronyism and nepotism**

1. Number of reports/grievances related to this area

**Clearly define job duties based on skills, qualifications and experience**

1. Positions without clearly defined job duties.

**Anti-trust and anti-competition**

1. Number of grievances to this area
2. OHC Competition Law Manual developed
3. OHC Dawn Raid Manual developed

Salient issue	<p><b>Human rights (incl. labor rights) - in Business Relationships</b>  <b><i>Right to safe and healthy working conditions, Right to social security, including social insurance, Right to rest, leisure and paid holidays</i></b></p>
Goal :	<p>Cease, prevent or mitigate negative impacts on the <i>Right to safe and healthy working conditions, Right to social security, including social insurance, Right to rest, leisure and paid holidays</i></p>
Status :	<p>OHC assesses that we may be at risk of either 'contributing to' or being 'linked to' adverse impacts in our business relationships, on these 3 human rights. (Based on previous findings during supplier audits)</p> <p>We have not yet conducted our first Double Materiality Assessment, and not prioritized amongst the issues according to what is material for OHC. The below issues are based on previous findings and corrective action plans for suppliers. Prioritization and communication of OHC material topics, and handling of these topics (including any actual impacts), will be clarified and improved during 2024 and after the first Double Materiality Assessment, and disclosed in future Ethical Trade reports.</p> <p><b><u>Right to safe and healthy working conditions</u></b>  Many of our suppliers are production facilities, where risk of negative impacts in relation to health and safety is inherently higher, compared to office environments. Examples of non conformances in supplier audits are: machines without protective devices, PPE (personal protective equipment), fire safety procedures and equipment, and inadequate handling of hazardous chemicals.</p> <p>(See 3.A.1 Human rights (incl. labor rights) - in own operations for examples of specific risks in production facilities related to safe and healthy working conditions)</p> <p><b><u>Right to social security, including social insurance</u></b>  Non conformances in supplier audits on this right are related specifically to: social insurance coverage being insufficient, or not provided for all workers.</p> <p><b><u>Right to rest, leisure and paid holidays</u></b>  Non conformances in supplier audits on this right are related specifically to: working hours/overtime exceeding legal limits.</p>

**Goals in reporting year :**

During 2023 one of our goals was to onboard all suppliers to the new Orkla Supplier Portal, automatically ensuring risk assessment and sanction screening is carried out by internal and external partners. Suppliers to our production facility in China were prioritized, and we successfully onboarded the majority of OHC suppliers.

OHC communicates Orkla requirements to suppliers on human rights. This includes, but is not limited to, the *Right to safe and healthy working conditions*, the *Right to social security, including social insurance*, and the *Right to rest, leisure and paid holidays*, through the Orkla Supplier Code of Conduct. All suppliers are required to sign Orkla Supplier Code of Conduct as part of onboarding to the Orkla Supplier Portal. In 2023, 87% of suppliers have signed Orkla Supplier Code of Conduct, which account for 98% of our spend.

Furthermore, social audits of suppliers are conducted through Sedex / SMETA, and supplier audits (Quality and EHS) based on Orkla House Care Supplier Audit template are conducted based on risk.

**Describe already implemented or planned measures to cease, prevent or mitigate negative impacts and reasoning behind the selected measures :**

In 2024 we will progress to connect all suppliers to the Orkla Supplier Portal enabling the gathering of latest supplier code of conduct, manage further risk assessment and coordinate within the portal social/ethical and technical auditing based on risk. We expect the Supplier Portal and new ERP system to contribute significantly to our ability to work proactively with our suppliers.

During 2023, and to be continued in 2024, OHC worked on improving our supplier risk assessment methods and tools. This includes evaluation of risks from Orkla Supplier Portal, improved assessment of potential risk connected to specific raw materials and industry, and how to cascade the UNGP/OECD minimum standard to our business relationships.

**Describe actual or expected results of measures mentioned above, as well as goals and activities for the coming reporting year :**

As a result of the measures described above, we expect to get a better overview of our supplier portfolio, related to any potential risks, and increase our efficiency with risk assessments and target our efforts.

Goals for 2024:

- Improve and finalize supplier risk assessment tool
  - Onboard suppliers to Sedex, based on risk, and request to fill our Self Assessment Questionnaire (SAQ)
  - Request Sedex audits of suppliers with highest risk, and follow up that non conformances are closed
  - Improve internal reporting on progress
-

## OTHER ACTIONS RELATED TO MANAGEMENT OF NEGATIVE IMPACTS

**Describe the enterprise's general measures to cease, prevent or mitigate negative impacts, including in the supply chain.**

### **3.B.1 Reduction of nature- and environmental impact**

When conducting our impact assessments aligned with the UNGPs/OECD, we assess environment against 20 environmental areas.

The overview of the different areas can be found here: <https://globalcsr.net/overview-of-the-20-environmental-areas/>

In our assessment of the 20 areas during 2023, we identified significant risk of potential negative impacts in 8 out of 20 areas. For 12 out of 20 areas we identified 'No impact' and explained why we reached such conclusion. (See salient issue 'Environment - in own operations' in point 3.A.1. for how we manage the identified areas)

We publicly disclose our impact assessments on our website.

Additionally, as part of the annual progress review and reporting to Orkla ASA we report on these topics: *Environmental management system, Climate change, Biodiversity and ecosystems, Resources and circular economy, Water and marine resources, and Pollution.*

<https://www.orkla.com/sustainability/protecting-the-environment/>

See Orkla policies and guidelines: <https://www.orkla.com/guidelines/>

See Orkla annual report for more: <https://www.orkla.com/annualreport/>

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### **3.B.2 Reduction of greenhouse gas emissions**

(See salient issue 'Environment - in own operations' in point 3.A.1. for how we manage Air emissions)

Additionally, as part of the annual progress review and reporting to Orkla ASA we report on these topics: *Environmental management system, Climate change, Biodiversity and ecosystems, Resources and circular economy, Water and marine resources, and Pollution.*

<https://www.orkla.com/sustainability/protecting-the-environment/>

See Orkla policies and guidelines: <https://www.orkla.com/guidelines/>

See Orkla annual report for more: <https://www.orkla.com/annualreport/>

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### **3.B.3 Adapting own purchasing practices (sourcing)**

We acknowledge the potential negative impacts we can contribute to, on our business relationships (e.g., suppliers) through our purchasing practices, and work to cease, prevent or mitigate the risk of such impacts.

OHC continue to work proactively with suppliers sharing demand forecast information each month and monitoring delivery and investigating where we have poor performance and how we can jointly improve, this is sometimes to extend lead times or add more information to forecast data. We have an open dialogue with suppliers where seasonal peaks are discussed and mitigations are sought. Additionally, we have several examples of assisting suppliers where assortment changes have led to redundant materials assisting them in clearing these stocks.

Examples of activities carried out during reporting year:

- Focus on improving forecasts accuracy to support a foreseeable delivery situation for suppliers and avoid rush orders
- Supplier Quality Assurance manager conducting supplier audits visits and dialogue with suppliers in addition to Category Managers following up suppliers on strategic level

See Orkla policies and guidelines: <https://www.orkla.com/guidelines/>

See Orkla annual report for more: <https://www.orkla.com/annualreport/>

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### **3.B.4 Choice of products and certifications**

OHC hold FSC® certificates for a large number of our wooden handle products, but also our cardboard packaging and transport cartons. We have been FSC® certified as a company since 1999. Due to our pass-rate we are now preparing for self-certification. FSC® supports our overall ambitions for traceability of sustainable sourcing.

We have mapped all existing wood products bought through OHC, and their FSC® status. This makes it possible to now methodically work through this list to ensure all wood products are FSC® certified over time and is work in progress.

We re-use and recycle pallets, cartons and electrical equipment at our own facilities.

OHC continuously considers other relevant certification schemes.

See Orkla policies and guidelines: <https://www.orkla.com/guidelines/>

See Orkla annual report for more: <https://www.orkla.com/annualreport/>

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### **3.B.5 Actively support free trade union organisation and collective bargaining, or where the law does not allow it, actively support other forms of democratically elected worker representation**

Orkla policies and Code of Conduct support and require free trade unions and collective bargaining, both internally and for our business relationships.

China is often associated with higher risk of potential negative impacts related to free trade unions and collective bargaining, compared to other countries. To address this risk and mitigate potential negative impacts, a worker committee is in place at our Chinese facility. The committee consists of democratically elected worker representatives, elected by and from all employees. One of the main contributions of the worker committee is the communication with facility management, including (but not limited to): labor law compliance, overtime, employment contract signing and monitoring, cost reductions, policy implementation and more. The committee meets on a regular basis, typically every 3-6 months. Facility management appreciates the collaboration with the committee, and actively seek to collect employee concern and feedback, in addition to suggestions for improvements.

The right to free trade unions and collective bargaining is also addressed in our Sedex supplier audits.

See Orkla policies and guidelines: <https://www.orkla.com/guidelines/>

See Orkla annual report for more: <https://www.orkla.com/annualreport/>

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### **3.B.6 Contribution to development, capacity building and training internally and of suppliers and workers in the supply chain**

OHC became member of Ethical Trade Norway in 2022 and will encourage relevant key personnel to participate in network seminars, training etc. Relevant personnel could be e.g. operational purchasing, strategic procurement, planning, supplier quality, and more. Through annual personal development plans each employee discuss and agree on development goals with their closest manager. The development goals should be related to strategic goals and action plans, including sustainability and responsible business conduct.

Orkla has an internal sustainability network where training and capacity building is one of the key focus areas.

Capacity building of suppliers and workers in the supply chain is a focus during supplier audits. OHC supplier audit template includes topics for EHS and selected areas from Supplier Code of Conduct. We discuss and encourage for improvements with suppliers during onsite visits.

We plan to share our own impact assessments and due diligence methodology with our business relationships, including suppliers. By sharing our assessments alongside our requirements for responsible business conduct (e.g., Supplier Code of Conduct) we expect to contribute to development and capacity building with our business relationships.

See Orkla policies and guidelines: <https://www.orkla.com/guidelines/>

See Orkla annual report for more: <https://www.orkla.com/annualreport/>

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### **3.B.7 Combatting corruption and bribery in own enterprise and supply chain.**

When conducting our impact assessments aligned with the UNGPs/OECD, we assessed against 16 economical areas.

The overview of the different areas can be found here: <https://globalcsr.net/overview-of-the-16-economic-areas/>

In our assessment of the 16 areas during 2023, we identified significant risk of potential negative impacts in 5 out of 16 areas. For 11 out of 16 areas we identified 'No impact' and explained why we reached such conclusion. (See salient issue 'Economic - in own operations' in point 3.A.1. for how we manage the identified areas)

We publicly disclose our impact assessments on our website.

Additionally, as part of the annual progress review and reporting to Orkla ASA we report on these topics: *Governance* and *Business conduct*.

See Orkla policies and guidelines: <https://www.orkla.com/guidelines/>

See Orkla annual report for more: <https://www.orkla.com/annualreport/>

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### **3.B.8 Other relevant information concerning the enterprise's work to reduce, prevent, and manage negative impact on people, animals, society and the environment**

For other relevant information related to our work to reduce, prevent, and manage negative impact on people, animals, society and the environment, see the Orkla's governing principles, ownership requirements and expectations of portfolio companies and other directly owned companies.

[https://www.orkla.com/wp-content/uploads/sites/3/2023/06/Sustainability\\_and\\_RBP\\_0623\\_DIGITAL\\_EKSTERN\\_V11\\_FINAL.pdf](https://www.orkla.com/wp-content/uploads/sites/3/2023/06/Sustainability_and_RBP_0623_DIGITAL_EKSTERN_V11_FINAL.pdf)



## 4

# Track implementation and results

Tracking implementation of actions and results relates to measuring the effects of the systematic approach and own work in each step of the due diligence process, showing whether the enterprise conducts sound due diligence work. The enterprise needs to have procedures and routines in place in order to uncover and critically assess own conclusions, prioritizations and measures that have been made as part of the due diligence process. For example, is mapping and prioritisation of salient issues done in a scientifically sound and credible way? Does it reflect the actual conditions in the supply chain? Do measures aimed at ceasing, preventing and reducing the enterprise's negative impact work as intended? Is negative impact remediated where relevant? This may apply to measures taken by the enterprise alone or carried out in collaboration with others. The enterprise's experiences from working on due diligence should be used to improve procedures and routines in the future.

## 4.A. Track and assess

### **4.A.1 Describe the a) assignment of responsibility for tracking the effect and result of measures implemented to cease/prevent/mitigate salient risks of negative impact on people, animals, society and the environment, as well as how the tracking is done in practice, b) who is responsible for evaluating the enterprise's implementation and work with due diligence, and how the evaluation is done in practice.**

In Orkla House Care the CEO, together with the leadership team, has the overall responsibility for tracking effect of measures implemented. The Sustainability Manager has the lead on this work, and reports status, progress and issues to top management. Status is also on the agenda in Orkla House Care Board of Directors meetings on a regular basis.

Orkla ASA reviews this as part of business area internal reporting, and includes the results in Orkla ASA annual sustainability reporting. Orkla ASA board of directors is briefed on progress on a regular basis, and on an annual basis concerning the sustainability report.

As part of the UNGPs/OECD impact assessments we conducted in 2023, the assignment of responsibility was noted for each of the 48 human rights, 20 environmental areas and 16 economic areas. The combination of responsible persons/roles and the indicators of effectiveness are expected to ensure the tracking and implementation works in practice.

For more information on reporting, responsibility and tracking, please see: <https://www.orkla.com/reporting-and-results/>

See Orkla annual report for more: <https://www.orkla.com/annualreport/>

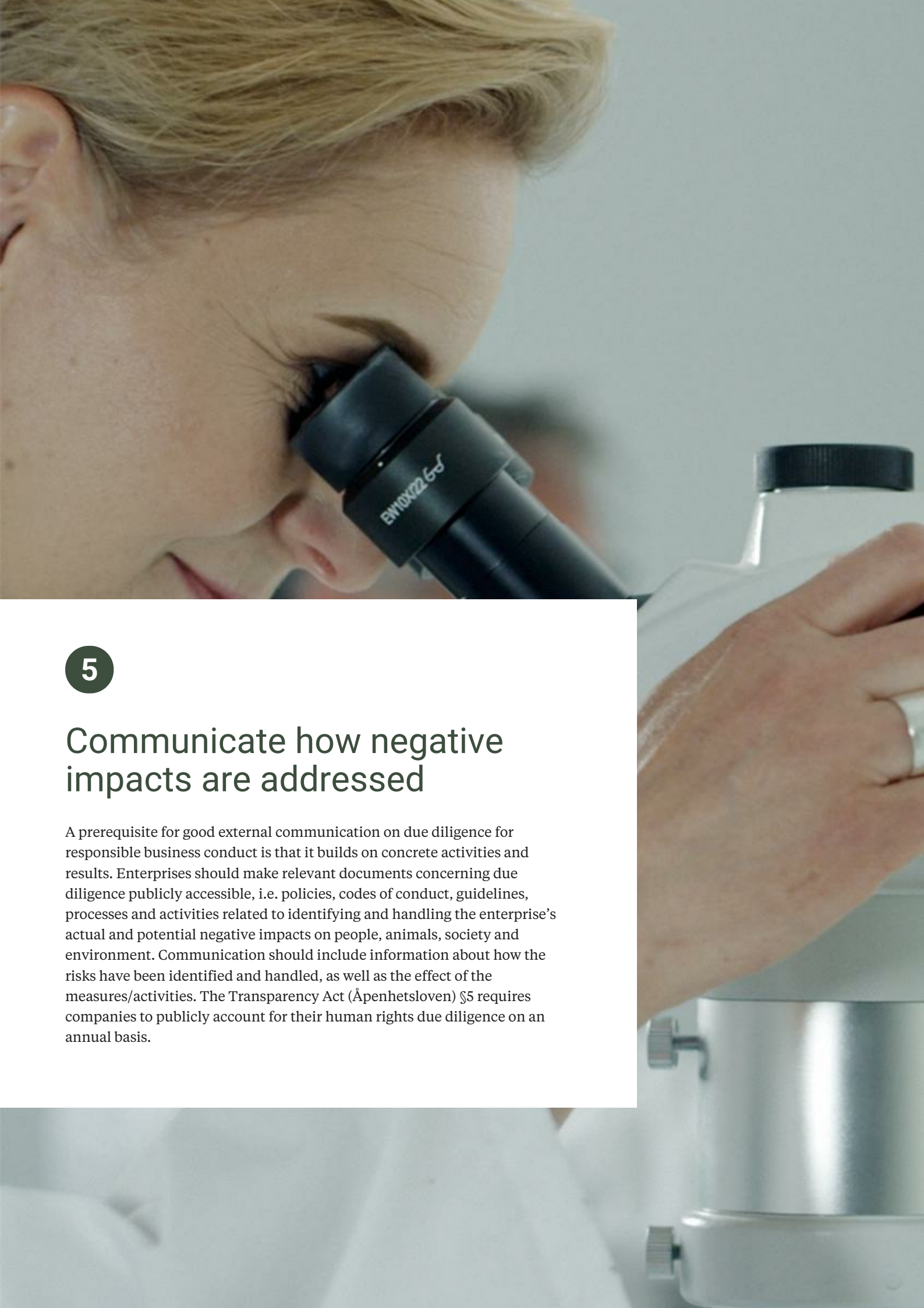
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### **4.A.2 Describe how the enterprise ensures that measures taken to identify, prevent and reduce negative impact actually work**

We have identified *Indicators of Effectiveness* for each of the identified areas of potential negative impacts, to enable tracking and evaluation of effectiveness of our actions to address this impact. OHC aim to set indicators that are adequate to evaluate whether we responded effectively to the identified impact, and whether OHC is continuously improving our response to the impact.

(See description of results under each of the salient issues in point 3.A.1. for examples of such indicators.)

Results from these indicators will be included in the annual update of our impact assessments, and will demonstrate whether our measures taken to identify, prevent and reduce impact actually work. We expect to learn from this and use our findings to update and improve our indicators of effectiveness, and the impact assessments overall.



## 5

# Communicate how negative impacts are addressed

A prerequisite for good external communication on due diligence for responsible business conduct is that it builds on concrete activities and results. Enterprises should make relevant documents concerning due diligence publicly accessible, i.e. policies, codes of conduct, guidelines, processes and activities related to identifying and handling the enterprise's actual and potential negative impacts on people, animals, society and environment. Communication should include information about how the risks have been identified and handled, as well as the effect of the measures/activities. The Transparency Act (Åpenhetsloven) §5 requires companies to publicly account for their human rights due diligence on an annual basis.

## 5.A External communication

### 5.A.1 Describe how the enterprise communicates with affected stakeholders about managing negative impact

OHC plan to regularly communicate our impact assessments to employees and other potentially impacted stakeholders, asking for their input or ideas to better address impacts. To conduct the impact assessments in 2023 we invited 30 employees from cross-functional roles within OHC to participate in the assessments. Apart from these participants, we did not engage with impacted stakeholders during our assessments. Sharing our assessments with such impacted stakeholders moving forward will ensure meaningful engagement.

Example from OHC impact assessment:

Means of engaging with affected stakeholders, related to the *Right to safe and healthy working conditions*

- Employee development talks
- Grievance mechanisms
- Workplace assessments
- Employee representatives
- Regular staff surveys
- Staff training
- Onboarding of new employees
- Employment contracts
- Exit interviews
- Staff trainings

For information on Orkla ASA communication and reporting on management of negative impacts, see his link: <https://www.orkla.com/reporting-and-results/>

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### **5.A.2 Describe how the enterprise publicly communicates its own work on identifying and managing negative impact/harm**

COMMUNICATION, HOW IMPACTS ARE ADDRESSED

#### Meeting the UNGPs/OECD Requirements to Communication

We will regularly communicate our impact assessments to employees and other potentially impacted stakeholders asking for their input or ideas to better address impacts.

#### Using First Impact Assessments as Models

We will use our impact assessments as a basis and model for enrolling additional business units, i.e., subsidiaries, in our Sustainability Due Diligence programme, making their first operational-level impact assessments much more achievable and viable.

#### Meeting the UNGPs/OECD Requirements to Official Reporting

We communicate publicly on how we handle risks of severe impacts as required by the UNGPs/OECD. We will primarily use our annual report to Ethical Trade, the Orkla Sustainability Report, and our websites for this purpose.

#### Using Regular Operational-Level Impact Assessments in Business Relationships

We will use our impact assessments actively in our communication with business relationships. Firstly, we will disclose our Sustainability Policy Commitment, Orkla Supplier Code of Conduct or Orkla Business Partner Code of Conduct, and our latest Sustainability Impact Assessments, whenever our business relationships forward their requirements. We do encounter Codes of Conduct from customers that merely ask us to manage some labour rights. We hope they are satisfied to see that we manage risks in relation to such rights as well as other human rights from the International Bill of Human Rights, all environmental and all economic areas as required by the minimum standard. Secondly, we will use our impact assessments to ensure that our business relationships can get inspired to conduct Sustainability Due Diligence in their operations. Hence, forwarding the latest impact assessments do not only demonstrate to our business relationships, that we meet our responsibility, but also serves that purpose of inspiring our business relationships, while demonstrating level of expectation that we find appropriate, when exchanging documentation of due diligence.

#### Public Disclosure of Regular Impact Assessments

Apart from the communication requirements mentioned above, companies are not required by the UNGPs/OECD to publicly share their operational level impact assessments. We have decided to share some of the information through our homepage and annual report to Ethical Trade.

For information on Orkla ASA communication and reporting on management of negative impacts, see his link: <https://www.orkla.com/reporting-and-results/>

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### **5.A.3 Describe the enterprise's routines for maintaining and answering external inquiries related to the information requirement imposed by the Transparency Act**

Considering the fact that the Transparency Act is a relatively new law, we acknowledge the need to structure our routines to enable concrete responses relating to this law specifically. Customer service have training in how to respond to external inquiries in accordance with requirements in the Transparency Act. We have internal supporting documentation, e.g., FAQs to support efficient handling of external inquiries.

We expect the disclosure of our impact assessments to improve our documented due diligence, and thus support OHC to fulfill our obligations under the Transparency Act.

Our company strategy, commitments and goals for sustainability and responsible business conduct requires us to ensure routines and management systems are in place, regardless of the Transparency Act. The commitment to improve on this area is further supported and rooted in top management, and board of directors.



## 6

### Provide for or cooperate to ensure remediation when appropriate

Once an enterprise has identified that it has caused or contributed to negative impact on people, animals, society or the environment, the enterprise must provide for, or cooperate in, remediation. Remediation may involve financial compensation, a public apology or other ways to remediate the negative impact. Another aspect of remediation is that companies should provide for, or cooperate with legitimate complaint mechanisms, to ensure that workers and/or local communities can raise complaints and be heard.



## 6.A Remediation

### **6.A.1 Describe the enterprise's policy for remediation of negative impacts on people, animals, society and the environment**

Our company's policy for remediation of negative impacts is described in Orkla Human and Labour Rights Policy. This includes our expectations to our suppliers.

Providing access to remedy is linked to whether or not we are causing, contributing or linked to an adverse impact.

If we are causing or contributing to an adverse impact, we will implement relevant actions to provide remediation.

If we are merely linked to an adverse impact, we will use our leverage to actively influence the entity causing the adverse impact, to cease, prevent or mitigate the impact, and provide access to remedy.

Read our policy here: <https://prod.orkla.webcore.no/wp-content/uploads/sites/2/2022/03/Orkla-Human-and-Labour-Rights-Policy-1.pdf>

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### **6.A.2 If relevant, describe cases of remediation in the reporting year**

Not relevant, no grievances reported during 2023.

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## 6.B. Ensure access to grievance mechanisms

### **6.B.1 Describe what the enterprise does to ensure that employees in own enterprise and other stakeholders, especially impacted workers and local communities have access to whistleblowing systems and grievance mechanisms when this is needed**

Orkla provides a Whistleblower system that is publicly available to enable (if needed) anonymous reporting of grievances.

The Whistleblower System can be accessed here: <https://report.whistleb.com/en/orkla>

We commit to having effective channels for complaints (grievance mechanisms) that are accessible to all employees.

However, to ensure workers and local communities have access to effective grievance mechanisms in our supply-chain, we require of our suppliers to do the same and have systems in place. Our Supplier Code of Conduct and other policies detail our expectations on business relationships.

We plan to implement a new grievance mechanism, aligned with UNGPs/OECD during 2024.

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