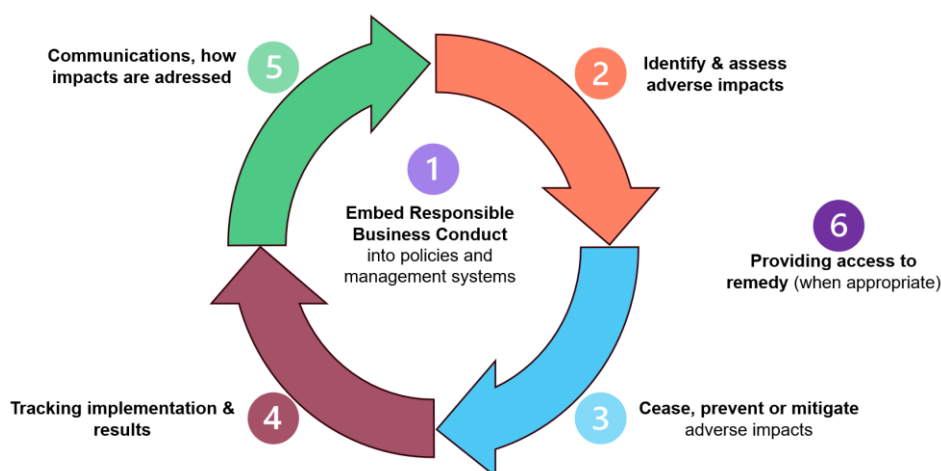


Orkla House Care Methodology for Sustainability Due Diligence

Aligned with the UNGPs and the OECD 6-step process for Due Diligence, this document describes how Orkla House Care (OHC) works to implement sustainability Due Diligence to ensure responsible business conduct (RBC).

Orkla House Care – our approach to sustainability due diligence



1. EMBED RBC INTO POLICIES AND MANAGEMENT SYSTEMS:

- **Sustainability Policy Commitment**

To demonstrate our commitment, we have adopted the Orkla House Care [Sustainability Policy Commitment](#), vetted by experts. This policy is approved and signed by the CEO and the board and serves as the authoritative document for sustainability commitment in OHC. Other policies and sustainability management systems will reflect the commitments from this policy, where relevant.

2. 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](#)). Where we find 'no risks' of adverse impacts, we describe why we reached such conclusion.

- **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 the unit may 'cause' or 'contribute to' adverse impacts. When the unit 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 full alignment with the UNGPs/OECD to our business relationships. 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.

3. CEASE, PREVENT OR MITIGATE ADVERSE IMPACTS:

- **How to Address Identified Risks**

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 risks; and the additional resources that need to be allocated.

- **Applying Good Practice to Action**

We briefly describe what is already done to prevent or mitigate the risks of impacts if anything. Based on known good practises additional actions are suggested to the local management when added actions are deemed necessary or commendable.

- **Where Actions are Mandated by Law**

Where actions to prevent or mitigate adverse impacts are mandated by law, we mention such actions and do not merely refer to the law. We appreciate that our business relationships may have no knowledge of the governing laws, where we operate. In addition, we appreciate that 'due diligence' is distinct from legal compliance.

- **Resources**

We estimate and describe additional resources to carry through the new, preventive, or mitigating actions only (workdays /expenditure).

- **Actions primarily directed at Governance System**

We seek to direct our actions to improve or reform our existing governance system, where possible.

4. TRACKING IMPLEMENTATION & RESULTS:

- **Measuring Effectiveness**

We seek to use existing indicators, where available, and we seek to apply easily managed (SMART) indicators. The 'indicators of effectiveness' are included in the due diligence compliance reports.

5. COMMUNICATION, HOW IMPACTS ARE ADDRESSED:

- **Meeting the UNGPs/OECD Requirements to Communication**

We seek to 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 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](#) for this purpose, the [Orkla Sustainability Report](#), and our [website](#).
- **Using Regular Operational-Level Impact Assessments in Business Relationships**
We seek to use our impact assessments actively in our communication with business relationships. Firstly, we 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 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 our [due diligence assessments](#) through our homepage and annual report to Ethical Trade.

6. PROVIDING ACCESS TO REMEDY (WHEN APPROPRIATE):

- **Provide access to remedy through grievance mechanism / whistleblower system**
We have implemented [Orkla House Care TELL-US](#) as our grievance mechanism. Our TELL US mechanism is a way for potentially impacted stakeholders to engage with us concerning our sustainability work. This enables us to share our impact assessments with stakeholders, engage in stakeholders dialogue to improve due diligence, encourage good ideas, and enable reports or grievances. As required by the UNGPs/OECD, this mechanism is developed to provide access to remedy, for affected stakeholders through communication and dialogue with OHC. For more severe impacts, breaches of legal regulation or law, or the need for anonymous reporting, we enable such reporting through our [whistleblower mechanism](#).

If you have an interest in accessing our latest impact assessments, please visit our [website](#), or contact our Sustainability Manager, [Øyvind Nesbø](#).