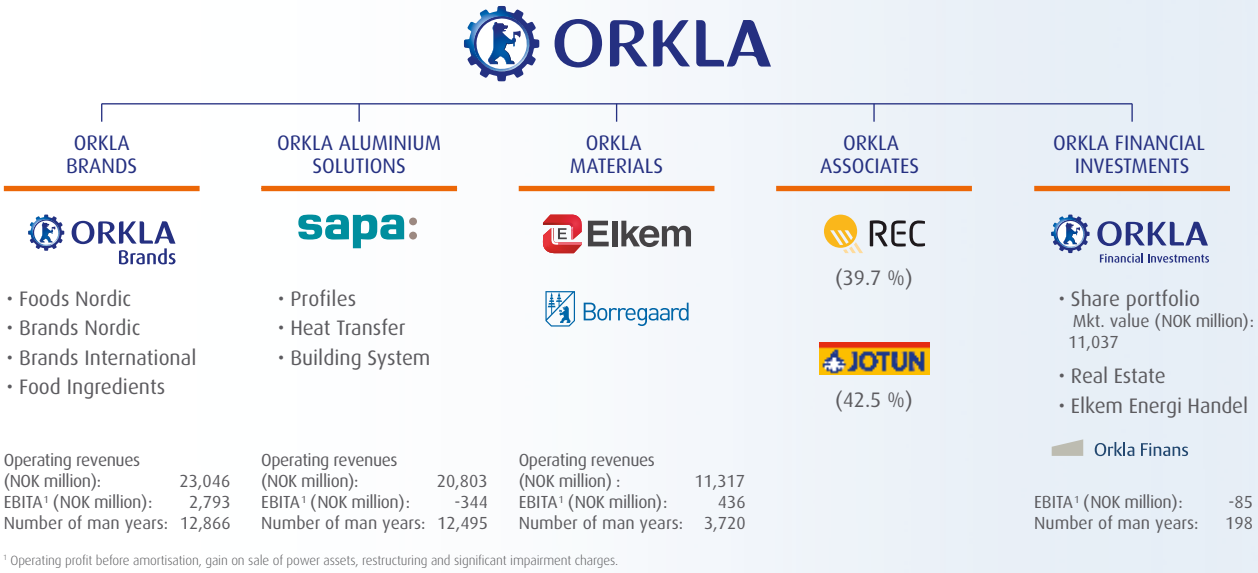
EHS REPORT 2009

ORKLA

THE ORKLA GROUP

Orkla operates in the branded consumer goods, aluminium solutions, renewable energy, materials and financial investment sectors. Group sales total approximately NOK 56 billion. Orkla has 30,000 employees and operates in approximately 40 countries.



¹ Operating profit before amortisation, gain on sale of power assets, restructuring and significant impairment charges.

KEY FIGURES¹	2009	2008	2007	2006	2005
Operating revenues (NOK million)	**56,228**	65,579	63,867	52,683	55,304
EBITA² (NOK million)	**2,448**	4,240	5,112	5,084	4,805
EBITA-margin² (%)	**4.4**	6.5	8.0	9.7	8.7
Ordinary profit before tax (NOK million)	**1,071**	-2,015	10,059	8,525	7,206
Earnings per share, diluted (NOK)	**2.5**	-2.8	8.1	10.9	5.6
Return on capital employed, from industrial activities³ (%)	**5.2**	9.4	11.5	13.0	11.4
Return on Share Portfolio (%)	**39.0**	-45.3	16.2	27.4	38.4
Equity ratio (%)	**51.7**	47.7	58.3	60.4	50.8

¹ Historical figures for 2005-2007
² Operating profit before amortisation, gain on sale of power assets, write-down inventory Sapa Profiles in 2008, restructuring and significant impairment charges.
³ See definition on page 123 in Orkla's Annual Report.

CONTENTS

SUSTAINABLE PRODUCTION

Orkla is committed to taking environmental responsibility. We strive to reduce greenhouse gas (GHG) emissions and limit our footprint on the environment all across the value chain.

As a leading industrial enterprise, Orkla is committed to healthy, long-term and sustainable business operations that reflect the responsibility it takes for employees, society and the environment.

We recognise that our manufacturing activities require natural resources, e.g. raw materials and energy, and thus generate GHG emissions. To raise awareness of our impact on the environment and the climate, Orkla has drawn up environmental accounts. These allow us to take stock of where we stand today and provide us with the data we need for devising a climate strategy. The climate strategy is intended to shed light on important measures all along the value chain, helping us to maintain sustainable production at all times. We also perform life cycle analyses to document the impact of different products, production processes and the use of resources and factor inputs on the environment and climate.

For many years, Orkla has focused on cutting energy consumption and minimising GHG emissions at every step in the value chain. Energy conservation is arguably one of the most crucial climate measures in the short term. Throughout Orkla, we are continuously engaged in conservation and investment projects aimed at cutting energy consumption and using renewable energy insofar as possible.

Orkla has invested heavily in solar energy through Elkem Solar and REC. Borregaard has developed a unique biorefinery concept for making advanced biochemicals based on timber to replace oil-based products (in customers' production processes). Sapa manufactures the 'green metal', aluminium, which plays a part in reducing energy consumption and GHG emissions in the automotive and construction markets.

In the long term, we believe the development of alternative energy sources and new technology is imperative for taking the quantum leap we need when it comes to GHG reductions. Although Orkla has the determination and expertise to contribute, embarking on such development projects calls for heavy investments and entails considerable risk. Elkem and Borregaard have underlined the need for financial support for the pilot plants needed to develop energy-saving, sustainable production processes and products.

The climate was moved to the top of the global agenda in 2009 when world leaders gathered in Copenhagen. Many were therefore disappointed when the Climate Summit failed to agree on specific measures or binding agreements. That makes it even more urgent for us to continue to do what we can to reduce GHG emissions.

At Orkla, we have defined environment, health and safety (EHS) in the broad sense. This makes climate a pivotal part of our environmental efforts. We have pledged to cut energy consumption and minimise GHG emissions by declaring operational efficiency based on EHS standards to be one of Orkla's main value-drivers.

Dag J. Opedal
President and CEO
Orkla ASA

OPENNESS PRODUCES GOOD RESULTS AT ELKEM SALTEN

Increased awareness and engagement on the part of employees has ensured significant improvement in Elkem Salten's EHS results in the past two years. Openness about safety and the working environment is making individual employees take more responsibility for the business.

Elkem Salten

In 2007, after Elkem Salten had been struggling with poor EHS figures for several years, management decided to include all employees in a meeting outside the plant to increase awareness of the topic. This marked the beginning of a proper focus on the plant's EHS work.

"We realised that our EHS performance was not good enough, and that each individual employee had to take responsibility for improving results. This was a clear requirement for success," recalls the director of the plant, Arve Ulriksen.

Order and cleanliness

Using the Elkem Business System, the employees jointly agreed on a number of measures:

– remove clutter and ensure order and cleanliness, indoors and outdoors
– easy access to tools and equipment
– commit to increasing the number of deviations (events/near-accidents) registered, and to closing such cases
– introduce job observation.

"We increased our focus on deviations by bringing problems to the surface. Today, our culture is characterised by openness, meaning that you are allowed to tell your colleague if something isn't working as it should be," explains Ulriksen.

All teams use the "job observation" tool, and produce six-month plans for who is to take time out to observe. In 2009, 246 job observations were completed, 90 more than planned.

Reduce diffuse emissions

A good working environment also affects the outside environment positively.

"In order to be able to reduce emissions effectively, the internal environment has to be tackled first," emphasises Rune Olsen, EHS Manager. He points out that improved vacuum systems on the production line and in the workshop also help to reduce diffuse emissions.

Elkem Salten is participating in the Fume research project, which has a budget of NOK 36 million and is being financed by the Research Council of Norway. In the Fume project, a doctoral research fellow is working on identifying emissions from, and thermal conditions at, the furnaces in the plant.

Won a safety award

In 2009, Elkem Salten received the Federation of Norwegian Industries' Safety Award for the 2008 operating year, in the category "EHS in smelting plants". This annual honour is conferred on the company with the best EHS results and best preventative EHS work. The award is based on EHS statistics and interviews with different candidates.

"It is always a pleasure to receive recognition. At the same time, I am impressed by the fact that we had such good EHS results in 2009, a year featuring the closure of furnaces, temporary redundancies and workforce cuts. To succeed in the long term, EHS must remain a focus area, not least as a management tool," says Ulriksen.

Text: Betzy A. K. Thangstad, senior communications adviser, Elkem

2009 EHS FIGURES FOR ELKEM SALTEN

LWDR	0
TRR	4.9
Sickness absence	6.4%
EHS deviations	792
Closure rate EHS deviations	88%
Job observations	246
Safety inspections	93
Safety meetings	6

BORREGAARD – SUSTAINABLE BIOREFINERY

Borregaard's use of timber has deep historical roots, but also represents the future. Borregaard uses natural, sustainable raw materials to manufacture environmentally friendly biochemicals, biomaterials and biofuels, which replace oil-based products.

Wood yard at Borregaard Sarpsborg

In 2009, Borregaard celebrated its 120th anniversary. After its foundation in 1889, the company grew quickly from a local manufacturer of cellulose and paper in Sarpsborg into an international producer of a range of chemical products. Today, Borregaard has 1,400 employees, distributed among factories and offices in 20 countries in Europe, the US, Asia and Africa. The company is a world leader not only in the bio-based chemicals sector, but also in relation to certain niche products for the food and pharmaceutical industries.

Environmentally friendly products

Borregaard has conducted a life-cycle analysis (LCA) in cooperation with Ostfold Research, focusing on the products cellulose, ethanol, lignin and vanillin. The LCA is a "cradle-to-grave" analysis, identifying the climatic and environmental burden imposed by the products.

"The analysis confirms that Borregaard's products are sustainable and compare very favourably to competing products," says Borregaard's Vice President of Sourcing & Purchasing, Tuva Barnholt.

Green production processes

In 2009, Borregaard's emissions of greenhouse gases in connection with thermal-energy production were further reduced through the construction of yet another waste incineration plant. The new plant enables Borregaard to satisfy its base-load requirement from renewable sources and waste. Borregaard is also planning the construction of a new, bio-based peak-load

Facts:

Spruce trees contain 45 per cent fibre, 30 per cent lignin, and 25 per cent sugar. Borregaard uses these timber components to manufacture things such as:

- Fibre: advanced, speciality cellulose products for use in the construction and oil industries, foodstuffs, tablets and cosmetics.
- Lignin: additive for use in concrete and building materials, agricultural and fisheries products, batteries and textile dyes.
- Sugar: bio-ethanol for technical use in the pharmaceutical industry, paint and car-care products, and as a second-generation fuel.
- Vanillin: Borregaard is the only manufacturer in the world that produces timber-based vanillin, a flavouring agent that imparts the taste and smell of vanilla and is added to foodstuffs and perfume.

All of these products are alternatives to oil-based products.

BORREGAARD

Borregaard's biochemicals are attractive, eco-friendly alternatives to oil-based products

facility, which will replace the current oil boilers with environmentally friendly energy.

Effective raw-material utilisation

"Borregaard's operations are largely based on Norwegian and Swedish spruce. We seek to ensure that timber is supplied from forests that are managed in accordance with internationally recognised sustainable-business principles. Borregaard aims to utilise as much as possible of the raw materials during the refinement process, and uses the different components of the timber to manufacture a range of different products," says Barnholt.

Researching for the future

Borregaard devotes considerable resources to innovation. The company's own research centre in Sarpsborg is home to over 60 researchers with wide-ranging expertise relating to the biorefinery concept. Currently, over a quarter of Borregaard's sales are accounted for by products that did not exist five years ago. The company's research efforts are supported by, among others, the EU and the Research Council of Norway, and are focused particularly on the continued development of the biorefinery concept and second-generation biofuels.

Text: Tone Horvei Bredal, Communication Manager, Borregaard.

SAPA'S "GREEN METAL"

Aluminium is often described as "the green metal". It is light and strong, corrosion-resistant and non-toxic. Moreover, recycling requires low energy input and has little environmental impact.

Sapa Vetlanda

The extrusion technology – the processing of the metal – is often referred to as "the green design method". Aluminium profiles can be designed and shaped in countless ways, exploiting the unique properties of aluminium. This provides a good foundation for creating products that contribute to sustainable development.

Lower weight saves fuel

The transport industry is an excellent example of how a sector can use aluminium profiles to reduce the environmental load.

"There is no doubt that all vehicle manufacturers are looking for solutions to reduce toxic emissions. Choosing aluminium, thereby reducing weight, is a very efficient way of doing so. Whatever the type of fuel used – even electricity – light vehicles will always give better fuel economy than heavy ones," says Laurent Andrzejewski, Marketing Manager at Sapa Automotive.

Work with extrusion die

Aluminium profiles as roof strengtheners

The 2010 model of the Jaguar XJ is built almost entirely of aluminium. The longitudinal roof strengthener is made of a combination of aluminium panels and aluminium profiles. It was developed by Jaguar in collaboration with Sapa and weighs just half of what the steel-based solution in the previous model weighed. The aluminium construction provides better protection in the event of a roll-over, while otherwise meeting the same requirements as the steel structure it replaces, despite the weight reduction.

Replacing steel in Scania trucks

Sapa's technical experts, working in close cooperation with Scania's designers, have reviewed Scania trucks piece by piece, looking for steel components that can be replaced by aluminium profiles. Every kilogram of aluminium that replaces steel in a tractor unit reduces CO2 emissions by around 28 kg.

Additional safety benefits

An additional benefit of choosing aluminium is the safety aspect. Systems based on aluminium have the ability to absorb considerably more energy per weight unit during a collision than those based on traditional materials. Adding a safety system to a vehicle means adding weight. This can often be offset by replacing a heavier material with aluminium.

Text: Eva Ekselius, Communication Manager, Sapa Profiler AB

Facts

- Reducing the weight of a city bus by one tonne gives a fuel saving of 1,700–1,900 litres per 100,000 km. Each kilogram of aluminium reduces CO_2 emissions by 40–45 kg.
- A weight reduction of 100 kg in a car means a saving of 10 g of CO_2 per kilometre. If a car is driven 200,000 km, emissions will be reduced by 2 tonnes over the car's life.
- 95% of all aluminium used in cars is recycled.

Source: EAA

EHS WORK AT ORKLA

Orkla has wide-ranging responsibility for ensuring that its businesses are properly operated, as affirmed in the Group's environmental policy: Orkla is committed to sound, long-term, sustainable operations that reflect the Group's awareness of its responsibility towards its employees, society at large and the environment.

Orkla's value statement, Goals and Values, establishes environment, health and safety (EHS) as one of the Group's main value drivers. Our vision of zero harm defines an objective that all our employees must strive to achieve.

A safe working environment for employees, contract workers and suppliers is a fundamental prerequisite for sustainable value creation. Orkla has undertaken to operate in compliance with the principles enshrined in the UN Global Compact, and will conduct itself with respect and awareness of its responsibility for people, society and the environment in all fields and in all parts of the world.

Purposeful focus on improving our EHS performance is crucial to achieving safe, efficient operations, and continuous efforts are made to bring home the importance of EHS in every part of our organisation. There is a close correlation between a good EHS performance and value creation. Our employees are our most important resource for achieving our vision of zero harm.

In practice, this means that Orkla focuses on many areas. Within our own organisation we work continuously to promote a corporate culture in which effective, preventive EHS efforts are a main pillar. The precautionary principle must imbue all our decisions and activities. It also means that we provide clear and candid information about our EHS work and engage in active dialogue with our stakeholders on various EHS issues.

Each business area carries out EHS activities in compliance with local and national requirements. Line responsibility must be clearly defined in each company, and preventive efforts must have high priority at each workplace.

Risk assessments are a key element of EHS work. Some parts of Orkla's production operations entail a high level of inherent risk with regard to the environment, health and safety. The company carries out preventive EHS work by means of continuous risk assessments, good control procedures and regular safety audits to safeguard its employees, the environment and property. The companies in the Orkla Group must identify factors that can entail significant consequences for people, the environment and the com-

pany. An EHS risk picture with the ten most important risk factors and associated measures to mitigate risk is presented in connection with the annual reporting process.

Risk management

At Orkla we apply the Precautionary Principle in all our operations. Effective, coherent risk management plays a pivotal role in all areas of the Group. This means that all business units must continuously assess their risk picture to be able to carry out systematic EHS and improvement work. All units must report on the ten main EHS risk factors and associated risk-reducing measures as part of the annual reporting.

A good risk culture ensures compliance with procedures and rules, and is essential if risk management is to be a natural part of day-to-day operations. A practical management tool makes this process feasible and readily understandable by effectively supporting documentation, monitoring and reporting of risk information.

Orkla operates in sectors where production processes sometimes entail high inherent EHS risk, such as at smelting plants. Risk must be reduced to the greatest possible extent. This is what we call the prudence principle. Nevertheless, people have sometimes been injured, and lives have even been lost. This is a great tragedy each time it happens. We will do our utmost to avoid such situations, and we have a zero vision: no serious injuries and no harm to the environment.

The EHS management system

Responsibility for EHS performance is decentralised at Orkla, which means that the management staff of each company are responsible for initiating, planning and carrying out EHS activities as part of the company's normal operations. Each line manager is also responsible for ensuring that the company complies with the requirements imposed by national legislation.
The Executive Vice President for Corporate Functions has the overall responsibility for coordinating EHS work at Orkla. Corporate Affairs is responsible for preparing the Group's EHS report, and for drawing up general guidelines and coordinating work relating to EHS issues. The Human Resources departments in the various business areas are responsible for reporting on sickness absence and injuries.

At Orkla there are EHS/environmental coordinators both at business area level and in the individual companies. Coordinators at business area level coordinate company activities and are responsible for preparing an annual report on these activities. The EHS/environmental coordinator in each company plays a key role in planning, implementing and reporting on efforts to meet challenges related to the environment, health and safety. At factory level, environment, health and safety officers assist the plant management in day-to-day EHS/environmental work.

ORKLA

POLICY FOR ENVIRONMENT, HEALTH AND SAFETY

Our vision of zero harm to people, the environment and the society at large is fundamental to everything that Orkla does. Efforts must be made in every part of the organisation to focus purposefully and systematically on preventing adverse effects.

Orkla operates in very different sectors and in a variety of cultures, using different production methods, and acknowledge its responsibility for sustainable operations. Environment, health and safety (EHS) is established as one of the Group's main value drivers, anchored in "Orkla's Goals and Values". Consequently, EHS shall be an integral part of Orkla's business operations. The vision of zero harm is global and applies wherever in the world we operate.

We therefore work purposefully to:

- create safe, healthy and attractive workplaces and manage risk accordingly
- assess the environmental impacts and minimise any negative effects of our operations on the local and global environment by implementing effective, long-term solutions
- continuously improve EHS systems, processes and performance to achieve an incident-free workplace
- ensure that EHS aspects are taken into account when new products and processes are developed
- select suppliers that follow our EHS vision and requirements
- ensure that customers feel confident about buying Orkla products with regard to both origin and quality of the products and their impact on human beings and the environment
- provide information about our EHS activities in an open, trustworthy manner and maintain an active dialogue on various EHS issues with stakeholders

Each business unit is responsible for defining goals and preparing activity plans, establishing systems and control procedures, and carrying out and reporting on its EHS activities. Compliance with national legislation, local regulations and Orkla's corporate standards is a minimum requirement. All employees, contract workers and suppliers must be made aware of their responsibility in respect of EHS and be involved in activities at their workplace.

Oslo, 26 October 2009

D. Opedal

Dag J. Opedal
President and CEO

Developing people – creating value

ENERGY AND CLIMATE

One consequence of Orkla's industrial operations is the consumption of substantial amounts of energy and various raw materials as input factors in production processes. This in turn leads to the emission of greenhouse gases. Orkla's greenhouse gas emissions primarily result from Elkem's activities, while other Orkla emissions are linked to the production of thermal energy from fossil energy carriers.

Sarpsfossen

Energy efficiency

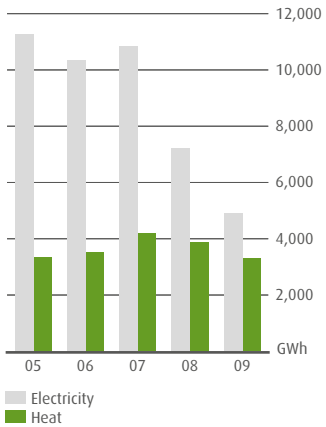
All of Orkla's businesses pursue energy-saving and investment projects on an ongoing basis to cut energy consumption and maximise the use of renewable energy. Energy management is an integral part of the EHS work. The emphasis is on reducing oil consumption, either through efficiency improvement measures or by switching to other sources of energy for heat production. Many of Orkla's production plants have initiated and carried out projects aimed both at optimising energy utilisation in their own operations and at exploring the potential use of energy in the local community in the form of district heating.

Improving energy efficiency is perhaps one of the most important ways of reducing greenhouse gas emissions in the short term. In the long term, the development of alternative energy sources and new technologies will probably be crucial to making the required quantum leap forward in reducing greenhouse gas emissions. In recent years, Orkla has invested heavily in solar energy, based on the Group's silicon expertise and its extensive research efforts in the field of metallurgy. Some of Orkla's other products, such as aluminium, lignin and Microsilica®, may also be instrumental in lowering energy consumption and thereby reducing greenhouse gas emissions.

Carbon footprint

Orkla wishes to assist in the reduction of greenhouse gas emissions and limitation of environmental consequences throughout the value chain. Climate accounts are prepared to increase awareness of how Orkla's activities affect the environment and climate. These accounts provide essential background data that will be used as a starting point for developing a climate

CONSUMPTION OF ENERGY



ENERGY AND CLIMATE

strategy that highlights important measures in the entire value chain.

In addition, life-cycle analyses are undertaken to document the effects of different products, production processes and the use of resources and input factors on the environment and climate. Expertise and knowledge are used to make improvements and ensure progress, so that the burden on the environment is reduced and limited. Orkla's production must be sustainable at all times.

Energy and climate accounting

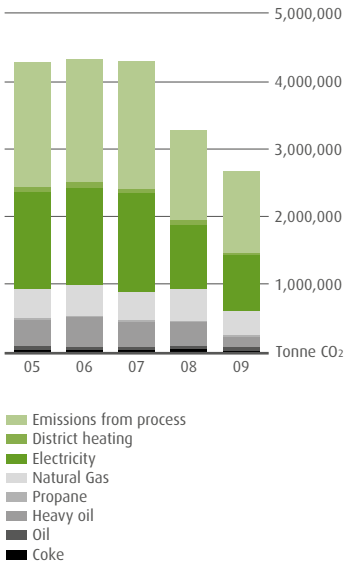
Orkla's total energy consumption in 2009 was 8,2 TWh, down 26% on 2008. The drop is largely the result of reduced production in parts of Orkla due to the financial crisis. Electricity consumption amounted to 4.9 TWh, and in 2009 accounted for approximately 60% of the total energy consumed. In 2009, Elkem's and Borregaard's hydropower plants produced 3.8 TWh of electricity.

Greenhouse gas emissions from Orkla's own operations totalled 1.85 million tonnes of CO2 equivalents, representing a drop of 18% on 2008. Reduced production by several operations due to the financial crisis also resulted in reduced emissions. However, Indalex's plant in the US, which became a part of Sapa in 2009, contributed to increased greenhouse gas emissions.

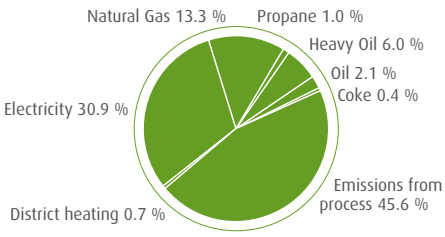
Orkla's climate accounting for 2009 include emissions from purchased energy, resulting in a CO2-emissions total of 2.7 million tonnes. Purchased energy accounts for around 32% of the emissions.

The energy supply unit for the district heating facility at Elkem Thamshavn

TOTAL CO_2-EMISSIONS FOR ORKLA 2005-09



ALLOCATION OF CO_2-EMISSIONS FOR ORKLA 2009



ENERGY AND CLIMATE

Climate accounting

Orkla reports its greenhouse gas (GHG) emissions within scopes 1 and 2 of the Greenhouse Gas Protocol. Separate emissions inventories have been prepared for Orkla ASA, as well as for the business areas and business units.

The inventories are drawn up on the basis of historical data from 2004, which have been updated to include emissions generated by electricity consumption and district heating, and reported as CO_2-equivalents.

Country-specific emissions factors for electricity and district heating have been computed for all the 29 countries in which Orkla operates. In order to calculate these factors, information was collected on the countries' specific power production mix. The following sources were used in this process: International Energy Agency (IEA) Energy Statistics, Nordel (a body for cooperation between the Nordic transmission system operators Statnett (Norway), Svenska Kraftnät (Sweden), Fingrid (Finland) and Energinet.dk (Denmark) and the UK Department of Environment, Food and Rural Affairs (DEFRA).

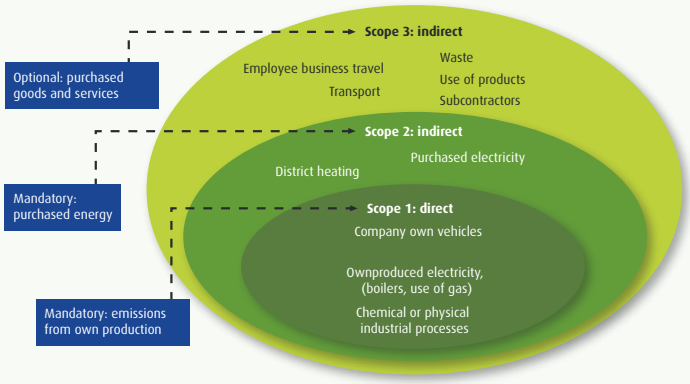
The factors are calculated on the basis of the actual production mix, taking account of imports and exports.

Methodology

Orkla ASA's climate accounts are based on the total energy consumption linked to the operation of the Group's businesses. The accounts contain an overview of CO_2 emissions measured in CO_2 equivalents, and are based on the international Greenhouse Gas Protocol Initiative (GHG Protocol), the most important standard for measuring greenhouse gases.

The standard is administered by the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD).

The GHG Protocol comprises two accounting standards that explain how to quantify and report greenhouse gas emissions. In 2006, the Protocol was adopted as the basis for ISO standard 14064-I. The GHG Protocol bases its climate reporting on three "scopes", or categories, of emissions, and distinguishes between direct and indirect emissions. Reports take the following greenhouse gases into account: CO_2, CH_4 (methane), N_2O (laughing gas), SF_6, HFCs and PFCs. All of these are converted into CO_2 equivalents.



ENVIRONMENT, HEALTH AND SAFETY (EHS)

Efforts to prevent injuries and further develop a strong EHS culture that promotes correct behaviour and attitudes have been a high priority in 2009. This has been reflected in a drop in the injury rate.

In 2009, the Lost Work Day Rate (LWDR), i.e. the number of personal injuries leading to absence per million hours worked, was 4.5, compared to 6.2 in 2008. The positive trend is the result of important EHS principles, such as good order and cleanliness, engagement, expertise-building and willingness to learn from others, being emphasised throughout the organisation.

It is also important to register all types of injury, and to implement improvement measures that prevent these recurring. Accordingly, a target figure that will be followed up on throughout the organisation is the Total Recordable Rate (TRR), i.e. the number of personal injuries leading to absence, a need for medical treatment, or work limitations per million hours worked, which in 2009 totalled 12.8.

Despite efforts to prevent occupational accidents, three tragic accidents occurred in 2009. A female employee at Sapa's factory Sapa Profily in Slovakia was killed when aluminium profiles fell in connection with a lifting and storing operation. At Sapa Heat Transfer in Shanghai, China, an external mechanic died after falling from a crane beam during maintenance work. At Beauvais' factory in Svinninge, Denmark, an external person entered the factory grounds and drowned in a purification plant. These events show that all parts of the organisation must give their full attention to injury prevention efforts.

Sickness absence in the Orkla Group was 4.3% in 2009, while the corresponding figure for 2008 was 3.4%. The rules for registering sickness absence and follow-up of absentees vary from one country to another. In Norway, Orkla complies with the principles of an inclusive work environment, which include active follow-up of absentees and -coop-eration with the company health service. Similar principles will also be applied to Orkla's operations in other parts of the world. Sickness absence for the Norwegian companies was 6.6% in 2009, which is an increase from 5.7% in 2008.

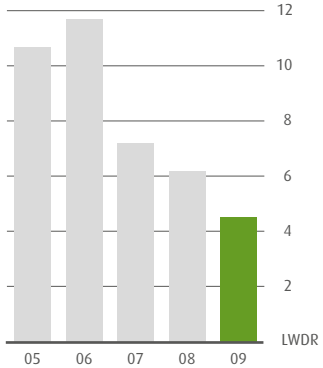
A conference on workplace health promotion was arranged in 2009. In 2010, Orkla's companies will continue to work on the implementation of this measure, which is an important contribution to the ongoing effort to secure improvements.

Regular employee opinion surveys are carried out in order to survey the working environment.

Orkla is committed to taking responsibility for the environment and limiting environmental impacts throughout the value chain. It carries out life-cycle-assessments to document the impact on the environment and the climate of different products and production processes, and of the use of resources and input factors.

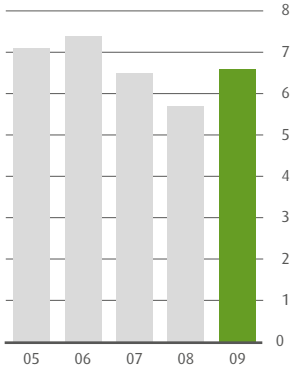
Orkla prepares energy and climate accounts based on the international Greenhouse Gas Protocol Initiative. These accounts are also submitted to the Carbon Disclosure Project (CDP), an independent organisation that provides investors all over the world with a basis for assessing how the world's largest companies are dealing with the challenges to the climate.

TRENDS IN LWDR[1] AT ORKLA*



[1] Number of injuries leading to absence per million hours worked
* Historical figures (incl. discontinued operations) for 2005-2008

TRENDS IN SICKNESS ABSENCE FOR ORKLA IN NORWAY*



* Historical figures (incl. discontinued operations) for 2005-2008

ENVIRONMENT, HEALTH AND SAFETY (EHS)

In 2009, global greenhouse gas emissions from Orkla companies amounted to 1.85 million tonnes of CO_2-equivalents, compared to 2.25 million tonnes of CO_2-equivalents in 2008. If emissions from purchased energy are included, total emissions were 2.7 million tonnes of CO_2-equivalents. The majority of Orkla's greenhouse gas emissions can be ascribed to Elkem Silicon-related's operations, but the business did not utilise its full production capacity in 2009 due to weaker markets. Emissions from Sapa and Borregaard Chemicals' factories and from Orkla's other operations are -mainly linked to the production of-thermal energy from fossil fuels.

Orkla's total energy consumption in 2009 was 8.2 TWh, compared to 11.1 TWh in 2008. Around 4.9 TWh of this was electricity. The fall is primarily due to reduced production at Elkem's facilities. Orkla's own hydropower plants produced around 3.8 TWh of electricity.

The Orkla companies focus continuously on energy efficiency and investment projects to reduce energy consumption and to ensure that the greatest possible use is made of renewable energy.

Orkla's products will be manufactured using safe raw materials and accepted methods. Orkla requires its suppliers to meet product safety, environmental and ethical production standards. In 2009, the focus on monitoring the Group's suppliers was intensified, and a food safety system has been introduced for approving and auditing suppliers.

Operational efficiency based on compliance with EHS requirements as set out in Orkla's Goals and Values is a value driver in the Group. Accordingly, a focus on EHS must be integrated into Orkla's business activities. EHS efforts are primarily being made at local level in the individual companies, but best practices and lessons learned are increasingly being exchanged across the organisation.

Risk assessments are a key element of EHS activities. All Orkla units must carry out risk assessments, which will help the companies in their efforts to make continuous improvements by prioritising the most important EHS measures and establishing effective action plans.

A safe, good working environment is the fundamental prerequisite for sustainable value creation. Operations must therefore be well organised, so that the Group can operate without risk to life or health and utilise the workforce in a good and efficient manner.

2009

BUSINESS AREA

Orkla Brands is a leading supplier of branded consumer goods and concept solutions, primarily to the Nordic grocery and catering sectors. The business area mainly holds No. 1 and No. 2 positions in its categories. Most of the branded consumer goods are proprietary and have been on the market for many years. Orkla Brands also holds strong local positions in Russia and India, in addition to being an important supplier of ingredients to the European bakery market. The business area consists of four units: Orkla Foods Nordic, Orkla Brands Nordic, Orkla Brands International and Orkla Food Ingredients.

ORKLA BRANDS

The efforts devoted to behaviour and attitudes, the focus on follow-up on EHS results and training have brought results throughout Orkla Brands.
The number of Lost Work Day Injuries was reduced relative to 2008, resulting in a Lost Work Day Rate (LWDR) at 5.6 in 2009.

ORKLA BRANDS

Health and the working environment

The sickness absence rate for Orkla Brands as a whole was 4.6% in 2009. However, the rate varies significantly both from company to company and from one Orkla Brands factory to another.

Generally speaking, the sickness absence rate is higher for the Norwegian businesses. In the Norwegian companies, efforts relating to sickness absence are made within the framework of the Inclusive Workplace Agreement.

Efforts to reduce sickness absence will remain a high priority, and attention will continue to be focused on, among other things, work operations that are physically demanding. Several factories have already invested in equipment that reduces the risk of musculoskeletal disorders.

Safety

Focusing on behaviour and attitudes, the presentation of EHS results and training programmes has produced results throughout Orkla Brands. The Lost Work Day Rate (LWDR) was reduced from 2008, and in 2009 the LWDR was 5.6. The Total Recordable Rate (TRR) was 16.5.

Work will continue in 2010 on strengthening EHS efforts by setting targets and defining measures, providing training and conducting safety talks, and by carrying out risk analyses and regular safety inspections. All Orkla Brands companies are focused on reporting and following up on near-accidents and "unsafe conditions".

Resource use

Energy

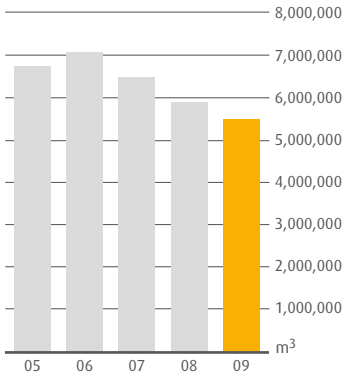
Energy consumption at Orkla Brands totalled 980 GWh in 2009, compared to 1,005 GWh in 2008. The drop in consumption can be ascribed to an emphasis on energy saving and changes in the product portfolio. For both financial and environmental reasons, energy consumption must be reduced further, and action plans have been drawn up to achieve this objective.

Consumption of thermal energy accounts for approximately half of total energy consumption. Orkla Brands' energy is generated mainly by burning fossil fuels. Accordingly, environmental improvements can potentially be achieved by making greater use of renewable energy sources. Several factories have begun work on assessing this option.

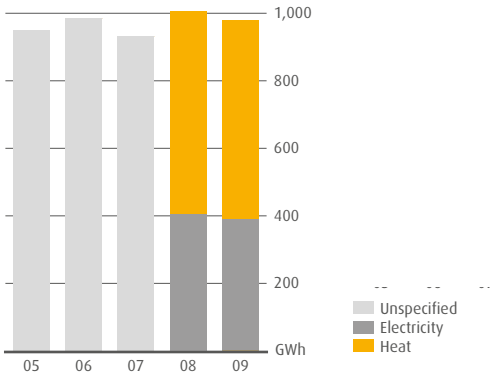
Water

Water consumption at Orkla Brands' factories totalled 5.5 million m^3 in 2009, representing a fall of 6% on the 2008 figure. Efforts will continue to focus on reducing water consumption at all factories.

WATER CONSUMPTION



CONSUMPTION OF ENERGY



ORKLA BRANDS

Raw materials
Of the entire value chain, raw materials – which totalled over 800,000 tonnes in 2009 – had the greatest impact on the environment, since food cultivation and meat production generate large amounts of greenhouse gases. Orkla Brands is therefore focusing on maximising the yield on raw materials and minimising waste.

Packaging
The Orkla Brand companies are seeking to develop optimal packaging solutions. Reducing the amount of packaging per amount of finished product is a challenge, as it is increasingly common for marketing reasons to reduce the amount of product per package. The aim is for packaging to provide adequate protection for the product with minimum impact on the environment.

Emissions

The authorities require most Orkla Brands factories to have licences for emissions/discharges to water and air, waste and noise. There was no serious non-conformance with environmental licences or permits in 2009.

Orkla Brands' emissions of CO_2 from its own production are generated by the burning of fossil materials such as oil, natural gas and propane. In 2009, emissions totalled 123,800 tonnes, which is on a par with emissions in 2008. Orkla's climate accounting for 2009 also includes emissions from purchased energy, bringing total CO_2 emissions to 185,000 tonnes. Purchased energy accounted for 33% of emissions.

Many Orkla Brands factories record the contents of discharges to water (COD, etc.) The amount of organic material in discharges is strongly linked to the yield on production processes. For both financial and environmental reasons, therefore, it is important to improve process management, in order to minimise the consumption of raw materials.

Compliance with the maximum noise levels imposed by the authorities poses a challenge for some factories. Since evening and night-time threshold values are lower, this challenge has increased as evening and night-time production has been stepped up.

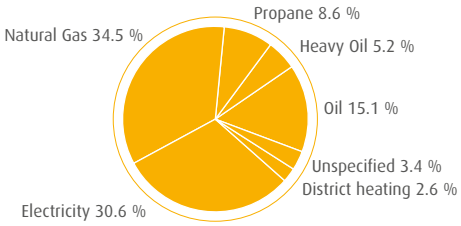
Waste

To rationalise the process of reducing and sorting waste, several factories invested in special waste centres in 2009.

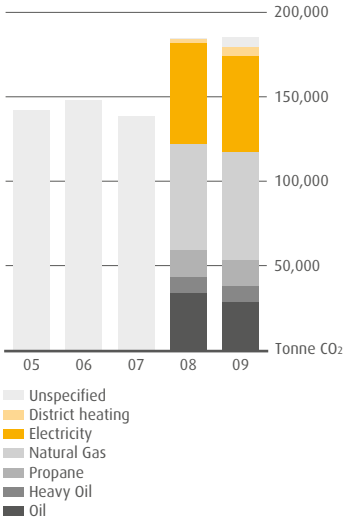
Other matters

Ammonia is used as a refrigerant in refrigeration and freezer plants at several Orkla Brands factories. If a leakage of ammonia gas were to occur, it could cause personal injuries. The cooling facilities are therefore designed to minimise the risk of leaks, and regular emergency drills are held to maintain a focus on safety in connection with the use of ammonia.

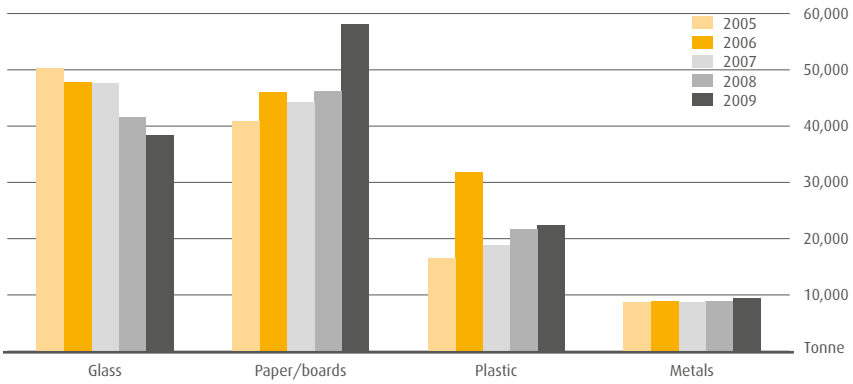
ALLOCATION OF CO_2-EMISSIONS FOR ORKLA BRANDS 2009



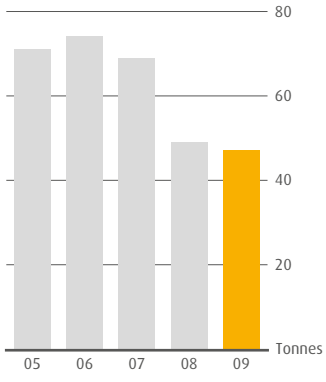
TOTAL CO_2-EMISSIONS FOR ORKLA BRANDS 2005-09



CONSUMPTION OF PACKAGING MATERIALS



EMISSIONS TO AIR – SO_2



ORKLA FOODS NORDIC

Pizza production at Stabburet's factory at Stranda

Health and the working environment

The overall sickness absence rate was 5.0% in 2009, down from 5.3% in 2008. The process begun in 2008 of setting clear sickness absence targets for all companies and production plants will continue in 2010. A good example showing the success of this approach is Procordia, which had a sickness absence rate of 3.4% in 2009. Over time, the company has focused on reducing long-term sickness absence and ensuring that employees enjoy good long-term health. There has been greater emphasis on measures targeting individual employees than on more general initiatives, and each employee has been closely monitored by his or her immediate superior. Efforts to secure the active involvement of local managers, to ensure good follow-up and to prepare clearer action plans will play an important role in achieving further improvements in 2010.

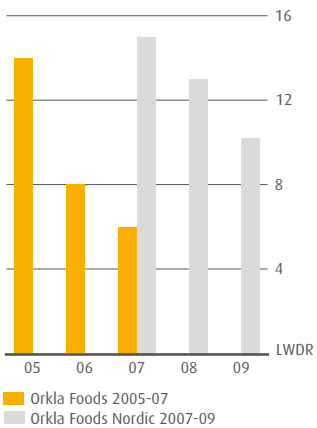
Safety

The Lost Work Day Rate (LWDR) dropped from 13 in 2008 to 10.2 in 2009. This figure is still too high,

Orkla Foods Nordic

The companies that make up Orkla Foods Nordic are Stabburet and Bakers (Norway), Procordia Food and Abba Seafood (Sweden), Beauvais (Denmark), Panda and Felix Abba (Finland), Põltsamaa Felix (Estonia), Spilva (Latvia), and Suslavicius-Felix (Lithuania).

LOST WORK DAY INJURIES



LWDR = Number of injuries leading to absence per million hours worked.

ORKLA FOODS NORDIC

however, and intensive efforts are being made to improve the EHS culture further.

The number of injuries leading to absence has been halved in two years. This was achieved through intensive local efforts in the form of training, injury prevention measures and awareness-raising. The improvement target for 2010 is to reduce the number of injuries leading to absence by a further 50%.

Orkla Foods Nordic has also begun to report the Total Recordable Rate (TRR), which was 35 in 2009.

A tragic accident occurred at Beauvais' factory in Svinninge, Denmark, in 2009. A mentally ill woman wandered onto the factory site and drowned in a treatment pool. The pool has now been fenced off, and access to the factory site has been further restricted.

Resource use

Energy

Energy consumption by Orkla Foods Nordic totalled 449 GWh in 2009, compared to 475 GWh in 2008. The reduction is ascribable to somewhat lower overall production and changes in the product portfolio. Energy consumption per unit of production was 1.0 MWh per tonne, which is on a par with 2008.

Systematic efforts are being made to reduce energy consumption and convert to cleaner energy sources. In connection with the construction of Beauvais' new pasta factory in Skovlund, Denmark, several large-scale energy-efficiency projects were initiated to ensure that the factory was optimally designed in terms of energy-saving. In 2009, Bakers received a grant from Enova in the amount of NOK 9.5 million, conditional upon the company reducing its energy consumption by 20% per kg of produced bread and bakery products within five years.

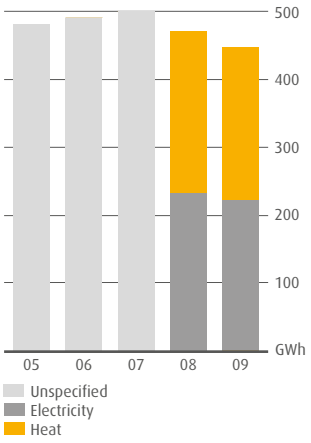
Water

Orkla Foods Nordic's water consumption totalled 2,538,000 m³ in 2009, representing a reduction of 13% from 2008. The average consumption of water per tonne of finished product was 5.6 m³ in 2009, compared to 5.9 m³ in 2008.

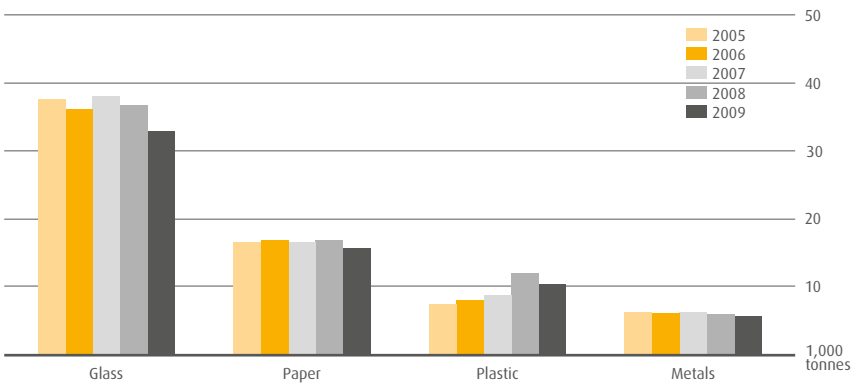
Packaging

An average of 143 kg of packaging material is used per tonne of finished product at Orkla Foods Nordic, but there are considerable variations depending on the product. Glass accounts for the greatest quantity in terms of weight (51%), followed by paper (24%), plastic (16%) and metal (9%).

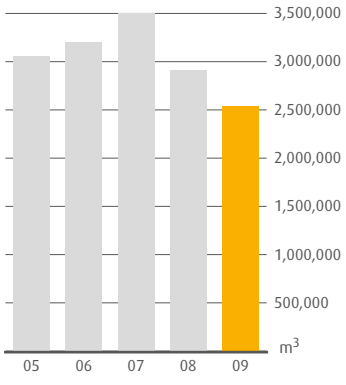
CONSUMPTION OF ENERGY



CONSUMPTION OF PACKAGING MATERIALS



CONSUMPTION OF WATER



ORKLA FOODS NORDIC

Emissions

Most of the Orkla Foods Nordic factories have official licences for emissions, waste and noise.

CO2 emissions from the factories' own production processes are generated by the burning of oil, natural gas and propane, and totalled 47,400 tonnes in 2009. This constitutes a drop of 5% on 2008, and is the result of slightly lower overall production and the implementation of targeted energy-efficiency measures.

Orkla's climate accounts for 2009 include emissions from purchased energy (electricity and district heating), bringing total CO2 emissions to 73,600 tonnes. Purchased energy accounted for 36% of these emissions.

Emissions of SO2 were reduced from 25 tonnes in 2008 to 21 tonnes in 2009 by using smaller amounts of oil.

Waste

The waste produced by Orkla Foods Nordic totalled 63,000 tonnes in 2009. The factories strive to reduce both the quantity of organic waste and the quantity of organic material in sewage.

Most waste was further utilised in the production of biogas (28,600 tonnes), and animal feed (18,100 tonnes). Some 5,000 tonnes of sorted packaging material were sent for recycling, 5,600 tonnes of waste were incinerated, and 3,300 tonnes of waste were deposited at landfills. Only 61 tonnes of hazardous waste were delivered to specialist companies for processing.

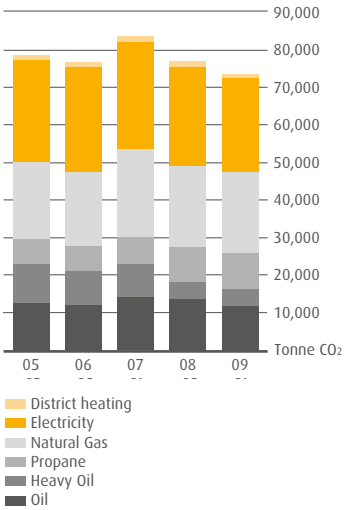
Total waste per tonne of finished product was 138 kg, a figure that has remained fairly constant over the past few years.

Other matters

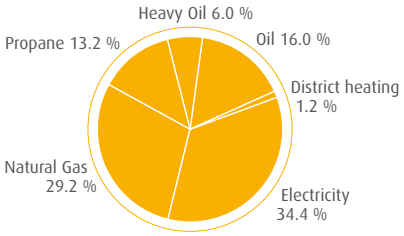
Orkla Foods Nordic companies seek to rationalise transport, thereby reducing the negative impacts on the environment. Some companies require carriers to have environmental certification.

Several companies, including Procordia Food, Beauvais and Abba Seafood, market and sell organic versions of products such as ketchup, marmalade, pasta, herring and cod-roe spread.

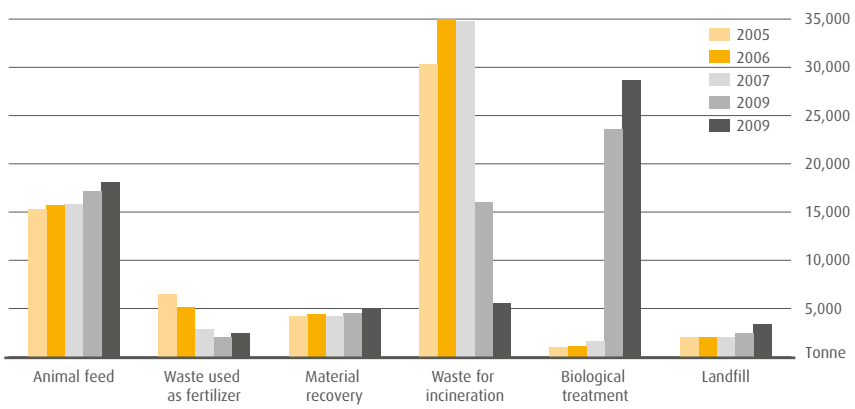
TOTAL CO_2-EMISSIONS FOR ORKLA FOODS NORDIC 2005-09



ALLOCATION OF CO_2-EMISSIONS FOR ORKLA FOODS NORDIC 2009



WASTE PER TONNE OF FINISHED PRODUCT



ORKLA BRANDS NORDIC

Lilleborg Ello

Health and the working environment

The sickness absence rate at Orkla Brands Nordic rose from 6.5% in 2008 to 7% in 2009. Nidar, Axellus Norge and Lilleborg reported a slight decline, while the rate increased in all the other companies.

Orkla Brands Nordic has focused on sickness absence both in all management teams and at board level. Factories, warehouses and sales units are required to implement systematic measures to improve EHS performance. This entails preparing EHS plans containing clearly defined targets, responsibility descriptions, surveys, risk assessments, training measures and systematic documentation requirements.

Efforts to reduce the sickness absence rate will continue to have high priority. In the Norwegian companies, these efforts are being made within the framework of the Inclusive Workplace Agreement. In 2010, the agreement will be renegotiated, and the Norwegian companies will continue to participate as inclusive workplace enterprises.

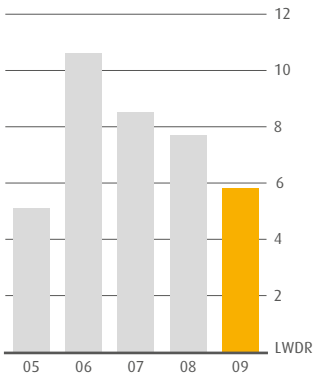
Safety

The Lost Work Day Rate (LWDR) for Orkla Brands Nordic was 5.8 in 2009, down from 7.7 in 2008. The Total Recordable Rate (TRR) was registered systematically by all units for the first time, totalling 12.5 in 2009.

Accidents, injuries and near-accidents are reported to the factories' non-conformance systems, which are used actively to implement remedial measures. Injuries consist primarily of pinch injuries caused by moving machine parts, injuries caused by slips

Orkla Brands Nordic
Orkla Brands Nordic comprises the companies Lilleborg, Lilleborg Professional, Axellus, the Chips Group, Göteborgs/Sætre, Nidar and the Pierre Robert Group.

LOST WORK DAY INJURIES



LWDR = Number of injuries leading to absence per million hours worked

ORKLA BRANDS NORDIC

and falls, and accidents in connection with forklift driving. Preventive safety work therefore focuses particularly on these matters. This systematic approach to injury prevention is now beginning to show results in all parts of Orkla Brands Nordic.

Resource use

Energy

Energy consumption by Orkla Brands Nordic totalled 182 GWh in 2009, which is on a par with 2008. Consumption per tonne produced fell from 1.6 MWh to 1.2 MWh. The drop can be ascribed to successful energy-efficiency measures and changes in the product portfolio. Energy consumption varies significantly from one company to another. For instance, energy use at Lilleborg's detergent factory totalled 0.16 MWh/tonne, compared to 1,35 MWh/tonne at Göteborgs Kex, 1.86 MWh/tonne at KiMs Norge and 2.2 MWh/tonne for Nidar in 2009.

Water

Water consumption totalled 602,000 m^3 in 2009. This is equivalent to an average of 4.0 m^3 per tonne produced, compared to 4.7 m^3 per tonne produced in 2008. Attention has been focused on water consumption, and facilities have been converted and equipment installed at several factories with a view to reducing water consumption. At Lilleborg's detergent factory, the processing plant has been designed to minimise water consumption in connection with washing. The wash water, which contains concentrated detergent solutions, is treated and re-used as much as possible. In recent years, further investments have been made in order to increase the degree of re-use, resulting in a continuous improvement in the quality of discharges to the public sewerage network since 2002. KiMs Norge's objective has been to cut water consumption to 3.2 m^3 per tonne of raw material. The company has exceeded this target, reducing consumption to 2.6 m^3 of water per tonne of raw material.

Efforts to reduce water consumption will continue to have high priority in future. Nidar will complete its transition from the public water supply system to more efficient utilisation of the cooling water in a closed system. In 2009, KiMs in Denmark established a project to reduce water consumption, which will continue in 2010.

Raw materials

Orkla Brands Nordic focuses on optimal utilisation of raw materials, and on choosing the raw materials that are best in terms of quality, the environment and health. Consumption of raw materials totalled over 182,000 tonnes. Systematic efforts are being made to increase yield. Lilleborg has adopted a long-term substitution policy focused on phasing out raw materials about which there may be some uncertainty from a health and environmental perspective.

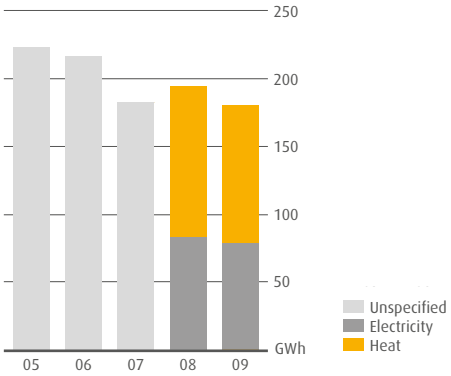
The potato is an important raw material for several companies, and potato quality is determinative of consumption per tonne of crisps produced. There has been a gradual improvement, partly due to investments in new equipment for the automatic sorting of the raw material by colour.

Packaging

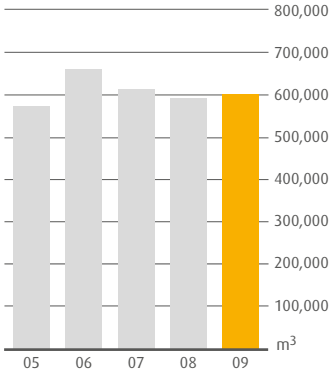
Packaging consumption totalled approximately 21,175 tonnes in 2009, representing an average of 140 kg of packaging per tonne produced. This is an increase from 2008, and reflects a change in packaging formats. However, there are significant variations between the various product categories. The primary materials are cardboard/paper (66%) and plastic (27%).

The Orkla Brands Nordic companies are striving to optimise packaging throughout the value chain. The companies participate in Emballasjedugnaden NOK in Norway, a cooperative project in which grocery suppliers, packaging producers and retailers have

CONSUMTION OF ENERGY



WATER CONSUMPTION



ORKLA BRANDS NORDIC

joined forces to motivate players in the packaging chain to introduce their own control procedures to ensure optimal use of packaging. The focus is on developing socially beneficial, resource-conserving packaging solutions for every stage of the value chain. In the autumn of 2009, Lilleborg received the Optimisation Award for its long-term packaging optimisation efforts.

Emissions

Orkla Brands Nordic's emissions of CO2 totalled 32,400 tonnes in 2009, which is a drop from 35,800 tonnes in the previous year. Approximately 73% of the emissions come from fossil fuel, while around 27% come from electricity consumption.

Emissions of CO2 from Orkla Brands Nordic's own production processes are generated by the burning of oil, natural gas and propane, and totalled 23,700 tonnes in 2009. This figure represents a reduction of 11% from 2008, and is the result of slightly lower overall production and targeted energy-efficiency measures.

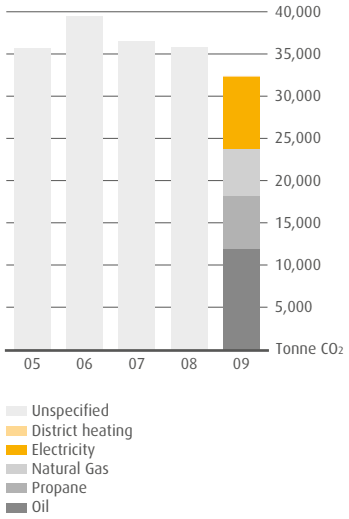
Emissions of SO2 come from the burning of oil (light and heavy oil), and amounted to 4.3 tonnes in 2009, compared to 5.1 tonnes in 2008. Emissions of NOx totalled 20.8 tonnes, down from 23.5 tonnes in 2008.

The snacks companies and Lilleborg measure discharges of organic material from their processes. In total, chemical oxygen demand (COD) rose by 28%, while biological oxygen demand (BOD) declined by 19.5%. The increase in COD is primarily due to higher production volumes, but the situation varies from one factory to another.

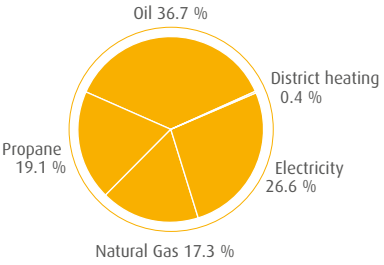
Lilleborg is engaged in long-term efforts to reduce the amount of organic material in the processing water discharged into the public sewerage system from its factory in Ski, Norway. The factory has a licence for 3.5 tonnes of COD per week, and in 2009 discharged 1.75 tonnes per week. This is a slight increase on the year before, and is due to higher volumes and a substantial increase in the product assortment, which has led to increased use of wash water. Both the treatment and recycling of wash water and a focus on production planning and change-over routines are important for ensuring that discharges of wash water and COD remain well within the licence limits.

Higher volumes at KiMs' factory in Skreia, Norway, coupled with a change in the quality of potato starch, have resulted in an increase in COD, but not in BOD. Nevertheless, discharges are on a par with 2005–2008 levels, which means that the measures implemented

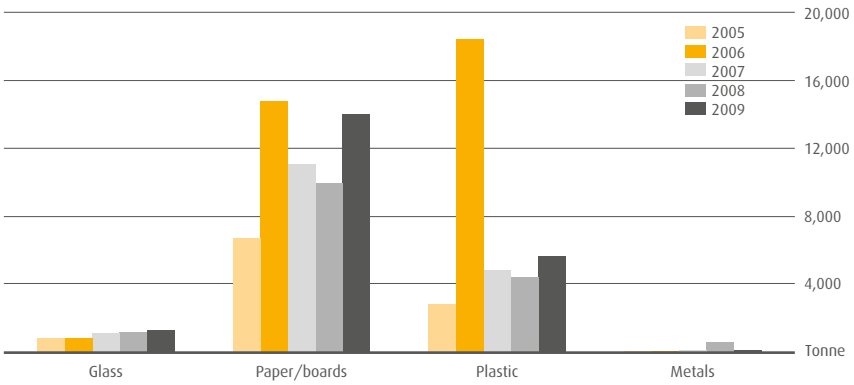
TOTAL CO_2-EMISSIONS FOR ORKLA BRANDS NORDIC 2005-09



ALLOCATION OF CO_2-EMISSIONS FOR ORKLA BRANDS NORDIC 2009



CONSUMPTION OF PACKAGING MATERIALS



ORKLA BRANDS NORDIC

at the treatment plant have been effective. KiMs in Denmark considerably reduced its discharges of COD and BOD in 2009 due to the optimal functioning of the sludge pool, which had previously presented problems.

In 2009, Axellus Norge continued work on improving its sewage plant to achieve more effective separation of fat from waste water.

Waste

The Orkla Brands Nordic factories generated a total of 23,964 tonnes of waste in 2009. This total represents an increase of 25% on the previous year, and in part reflects a rise of almost 20% in production volumes. It also reflects the fact that a large volume of product waste that is composted was not previously recorded as waste. In the case of Chips Finland, this amounted to 3,370 tonnes in 2009.

Potato peelings from the snacks business account for the largest volume, but the relevant factories sort waste into several different categories. The recycling rate is high, and increased in 2009. KiMs Norway achieved a recycling rate of 98%, compared to 97% in 2008.

Göteborgs Kex and Nidar face the greatest challenge with regard to waste, and are working systematically to boost production yield and reduce waste. These efforts brought positive results in 2009.

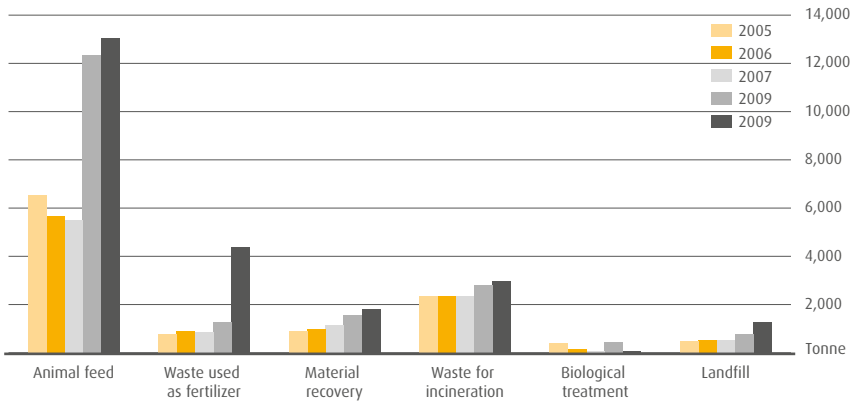
Other matters

Several factories, more specifically Göteborgs Kex, Chips Finland, KiMs Norge and Lilleborg's detergent factory in Ski, are certified under the ISO 14001 environmental management standard. Lilleborg Ski is also certified under the OHSAS 18001 occupational health and safety standard.

Several factories have licences that regulate the impact of their operations on their surroundings. None of these factories exceeded their emission limits in 2009.

Lilleborg has been an active user of the Swan eco-label since 1993, and now offers Swan-labelled products in all detergent categories. In 2009, for the first time, the company also launched Swan-labelled products in the personal care category, under the Dr Greve Pharma label, which comprises skin care products for infants, mothers and children. Nine of the 10 products in the range bear the Swan label. The liquid detergent Flytende Blenda Sensitive and new varieties of SUN dishwashing detergent also qualified for Swan labelling. Lilleborg Profesjonell has focused heavily on Swan certification in recent years, and now offers Swan-labelled products for floor care, janitorial and sanitary cleaning, laundry, dishwashing and personal hygiene. In 2009, a total of eight new products achieved Swan certification.

WASTE PER TONNE OF FINISHED PRODUCT



ORKLA BRANDS INTERNATIONAL

Health and the working environment

Orkla Brands International is the business unit with the lowest sickness absence rate in Orkla Brands. In 2009, the sickness absence rate was 2.5%, down from 2.7% in 2008.

Safety

Safety efforts have shown good results, and the Lost Work Day Rate (LWDR) fell from 4.0 in 2008 to 1.3 in 2009. The number of injuries leading to absence was reduced from 45 in 2008 to 18 in 2009. All companies reported a decline in the number of injuries leading to absence, which can primarily be ascribed to an even stronger focus on safety at the local level and the initiation of improvement programmes. 2009 is the first year in which Orkla Brands International reported its Total Recordable Rate (TRR), which was 3.6.

In 2009, EHS audits were conducted at Felix Austria, Krupskaya and MTR Foods, and measures were implemented to correct the non-conformances that were identified.

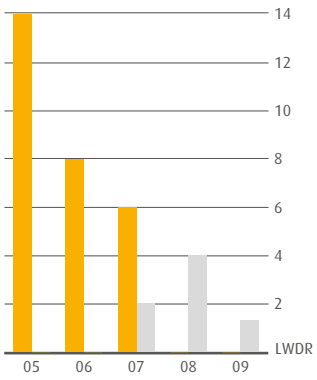
Resource use

Energy

Orkla Brands International's energy consumption in 2009 totalled 248 GWh. This is about the same level as in 2008, although 10 GWh of the thermal energy generated by SladCo's factory in Ulyanovsk was sold to external customers. Natural gas accounted for most of the energy consumption. SladCo's factory in Ekaterinburg, Russia, utilised 35 GWh of district heating in 2009.

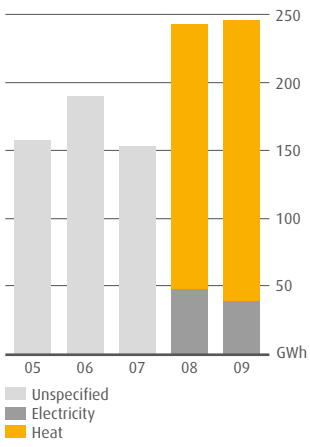
Orkla Brands International
Orkla Brands International consists of SladCo and Krupskaya (Russia), Felix Austria (Austria) and MTR Foods (India).

LOST WORK DAY INJURIES



LWDR = Number of injuries leading to absence per million hours worked.

CONSUMPTION OF ENERGY



ORKLA BRANDS INTERNATIONAL

Consumption of energy per tonne of finished product rose from 1.6 MWh in 2008 to 1.9 MWh in 2009, primarily due to lower production volumes.

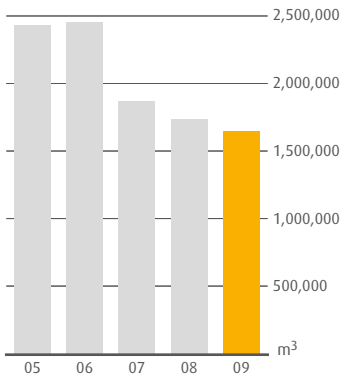
Water

Water consumption by Orkla Brands International totalled 1,650,000 m^3 in 2009. This represents a reduction of 5% from 2008, and is due to lower production and changes in product composition. The average consumption of water per tonne of finished product was 13 m^3. Efforts to reduce water consumption are continuing, and plans include measures to increase the recycling of water in various cooling systems and cooling towers.

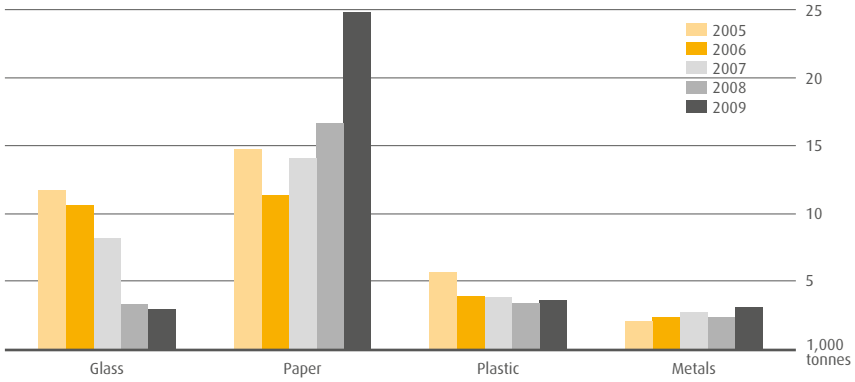
Packaging

The companies in Orkla Brands International are striving to develop optimal packaging solutions. On average, 274 kg of packaging material are used per tonne of finished product, but this quantity varies significantly from one type of product to another. Paper (including cardboard and corrugated paper), accounts for the largest

WATER CONSUMPTION



CONSUMPTION OF PACKAGING MATERIALS



ORKLA BRANDS INTERNATIONAL

quantity of material in terms of weight (72%), followed by plastic (11%), metal (9%) and glass (8%).

Emissions

Emissions of CO2 from Orkla Brands International's own production plants totalled 36,900 tonnes in 2009, compared to 36,500 tonnes in 2008, and were generated by the burning of natural gas and oil. Orkla's climate accounts also include emissions from purchased energy (electricity and district heating), bringing total CO2 emissions in 2009 to 55,700 tonnes. Purchased energy accounted for 34% of emissions.

Orkla Brands International's emissions of SO2 amounted to only 6 tonnes, due to its use of fuel with a low sulphur content.

In 2009, Krupskaya, Russia, installed new treatment plants to reduce emissions of dust and gas to air.

Waste

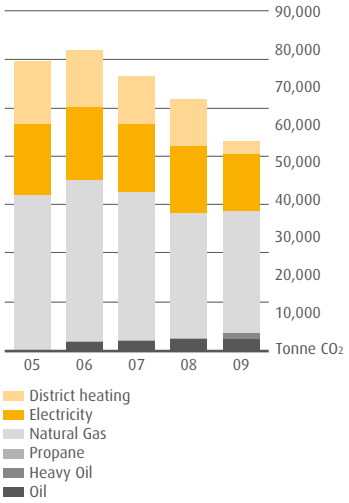
The authorities in several countries, including Russia, require factories to have special permits for the treatment of waste. These permits must be renewed regularly.

Orkla Brands International factories generated a total of 5,370 tonnes of waste in 2009. This is equivalent to 42 kg per tonne of finished product, and is 30% more than in 2008. The factories collected and sorted a total of 1,430 tonnes of packaging waste, which was then sent for recycling. Most of the organic waste was used to produce biogas (680 tonnes), as fertiliser in farming (580 tonnes), or as animal feed (270 tonnes). A total of 690 tonnes of waste was incinerated, while 1,720 tonnes were deposited in landfills. Only 4 tonnes of hazardous waste were delivered to specialist companies for processing.

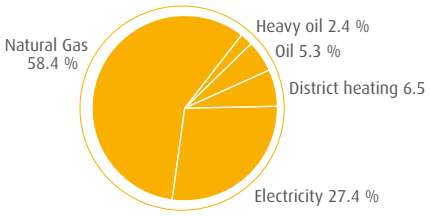
Other matters

Some of the Orkla Brands International factories still use CFCs as a refrigerant (890 kg in total). Work is in progress to switch to more climate-friendly refrigerants.

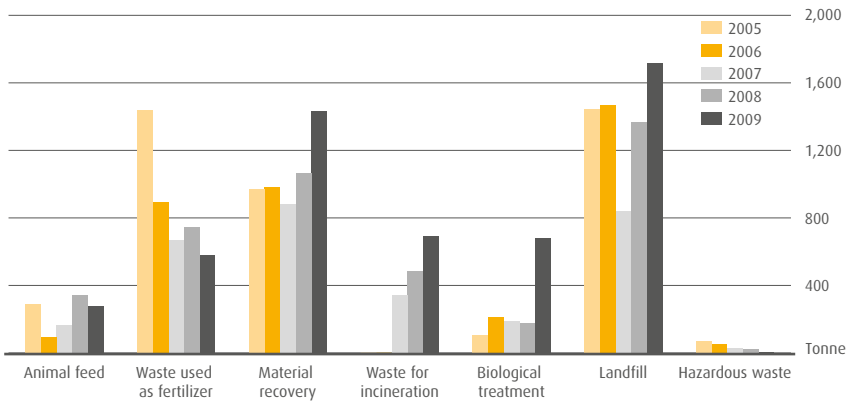
TOTAL CO_2-EMISSIONS FOR ORKLA BRANDS INTERNATIONAL 2005-09



ALLOCATION OF CO_2-EMISSIONS FOR ORKLA BRANDS INTERNATIONAL 2009



WASTE PER TONNE OF FINISHED PRODUCT



ORKLA FOOD INGREDIENTS

Health and the working environment

The sickness absence rate in Orkla Food Ingredients was 3.1% in 2009, compared to 3.5% in 2008. A total of 10 of the 13 largest companies have a sickness absence rate of less than 4%.

Safety

The Lost Work Day Rate (LWDR) for Orkla Food Ingredients was reduced from 7.0 in 2008 to 4.0 in 2009. A total of nine of the 13 largest companies had an LWDR of 0. EHS efforts are to be further strengthened by implementing a variety of measures and carrying out analyses and safety drills.

In 2009, for the first time, Orkla Food Ingredients reported its Total Recordable Rate (TRR), which was 6.6.

Resource use

Energy

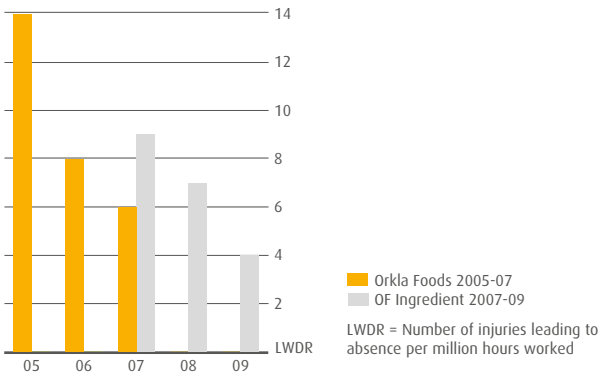
Orkla Food Ingredients' energy consumption totalled 92 GWh in 2009, which is an increase of 3% from 2008. Energy consumption per tonne of finished product amounted to 0.47 MWh in 2009, constituting a reduction of 11% from 2008.

In 2009, 44% of energy production was based on fossil fuels, while electricity and remote heating accounted for 49% and 7%, respectively, of energy supplies.

Systematic efforts are made to reduce energy consumption and convert to cleaner energy sources. Among other things, Idun Rakkestad will switch to district heating instead of oil-based heating in 2010.

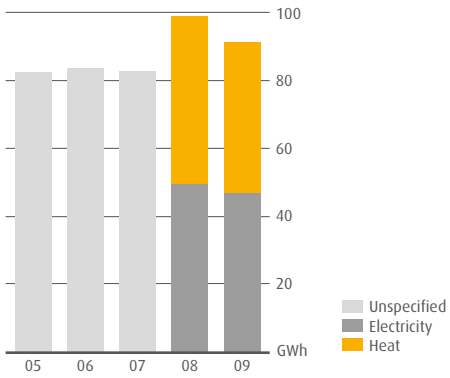
Orkla Food Ingredients
Orkla Food Ingredients consists of Idun Industri, the Credin Group, Odense, KåKå, Jästbolaget, the Dragsbæk Group and Orkla Foods Romania.

LOST WORK DAY INJURIES



LWDR = Number of injuries leading to absence per million hours worked

CONSUMTION OF ENERGY



ORKLA FOOD INGREDIENTS

Yeast production at Jästbolaget

Water

Water consumption in Orkla Food Ingredients totalled 735,700 m³ in 2009, an increase of 20% compared to 2008. Consumption per produced tonne averaged 3.8 m³, up from 3.6 m³ in 2008. Consumption varies considerably within Orkla Food Ingredients. For example, yeast production requires a great deal of water per amount of finished product, while less water is needed for the production of dry ingredients.

Packaging

A total of 8,500 tonnes of packaging material was used in 2009, equal to an average of 62 kg per tonne of finished product. However, packaging amounts vary greatly from one product to another. Paper and cardboard accounted for the greatest amount in terms of weight (40%), followed by plastic (31%), glass (13%), wood (8%) and metal (7%).

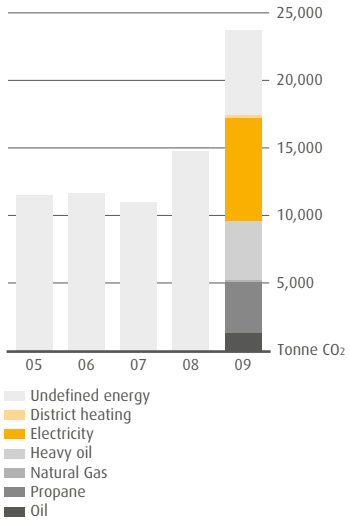
Emissions

Only half of the Orkla Food Ingredients factories are required to have licences or more extensive permits for emissions, waste and noise. This is because these factories are not considered to have significant environmental impacts.

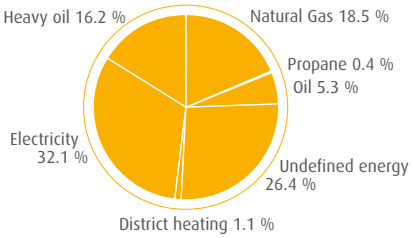
Orkla Food Ingredients' total emissions of CO_2 through energy consumption was 17,400 tonnes in 2009, up 21% from 2008. The increase in CO_2 emissions is due to an increase in overall production volumes. Orklas climate accounting for 2009 also included emissions from purchased energy, bringing total emissions to 23,700 tonnes. Purchased energy accounted for 33 % of emissions.

Emissions of SO_2 are primarily generated by oil-based heat production, and totalled 15 tonnes in 2009. Emissions increased continuously from 2004 to 2008, but were reduced in 2009. This

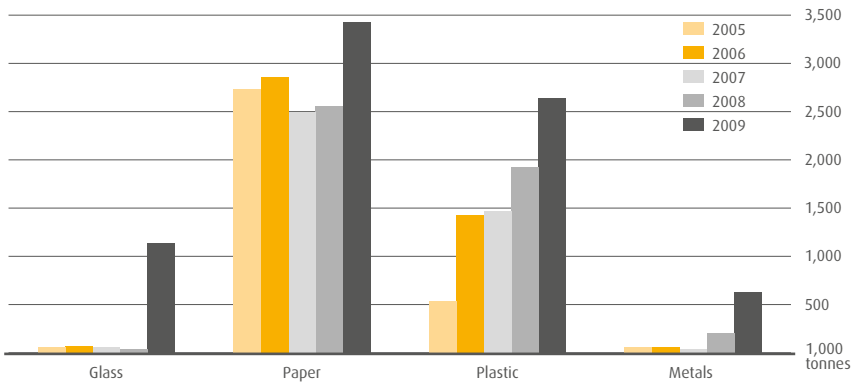
TOTAL CO_2-EMISSIONS FOR ORKLA FOOD INGREDIENT 2005-09



ALLOCATION OF CO_2-EMISSIONS FOR ORKLA FOOD INGREDIENTS 2009



CONSUMPTION OF PACKAGING MATERIALS



ORKLA FOOD INGREDIENTS

change is mainly due to a switch from the use of oil to other forms of energy.

A leak in a molasses tank at Jästbolaget resulted in groundwater contamination. Treatment measures were implemented immediately, and the water quality is now satisfactory. The authorities have approved the action that was taken. Jästbolaget has conducted a risk assessment of its molasses-handling procedures, and further improved its preventive measures.

Waste

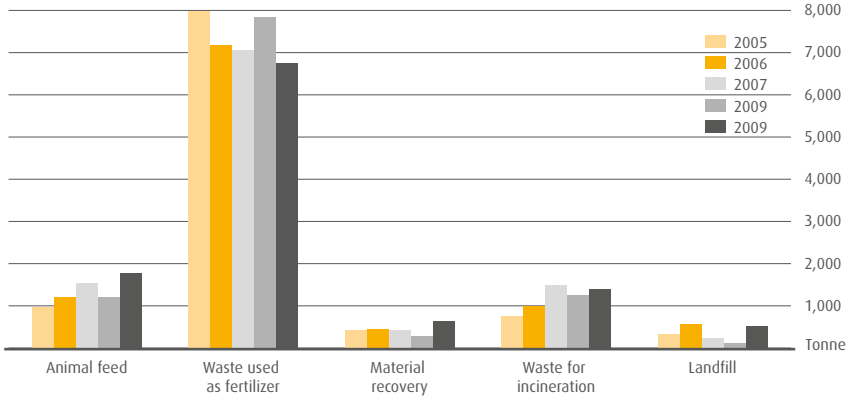
The Orkla Food Ingredients factories, which generated a total of around 10,900 tonnes of waste in 2009, continued their systematic efforts to reduce the amount of waste and increase the degree of sorting. The total quantity of waste is equivalent to around 5.6 kg per tonne of finished product.

A total of 62% of waste is used as fertiliser in farming, while 16% is used as animal feed. Waste deposited at landfills amounted to 513 tonnes, which is equivalent to 5% of total waste. Most of the factories collect and sort used packaging, which is then sent for recycling. In 2009, a total of 620 tonnes of packaging waste was collected.

Other matters

Some of the Orkla Food Ingredients factories still use CFCs as a refrigerant (87 kg in total). Work is being done to convert to more climate-friendly refrigerants.

WASTE PER TONNE OF FINISHED PRODUCT



2009

BUSINESS AREA

Sapa develops, manufactures and markets value-added profiles, profile-based building systems and heat-exchanger strip in aluminium. Sapa consists of the three business units Sapa Profiles, Sapa Building System and Sapa Heat Transfer. The business concept is based on close collaboration with its customers. Sapa is a leader in its field and has customers in the building, transport, engineering and telecommunications industries.

ORKLA ALUMINIUM SOLUTIONS

At Sapa, the Lost Work Day Rate (LWDR) was 3.0 and the Total Recordable Rate (TRR) was 7.8 in 2009. These are lowest values ever recorded in the history of the company. In 2009, Sapa introduced a common system for reporting on EHS incidents throughout the Group.

SAPA

Health and Safety

Sapa has experienced a difficult year due to the economic downturn, with considerable manning reductions implemented in all areas. Despite this difficult period there have many improvements in Sapa's overall safety performance and both Lost Work Day Rates (LWDR) at 3.0 and Total Recordable Rates (TRR) at 7.8 have been reduced to the lowest recorded in Sapa's history.

However, there were two fatal accidents recorded.

- A Sapa employee was fatally injured at Sapa Profily Slovakia on the 28 January 2009 when a stack of profile bundles collapsed and fell onto her.
- An independent contractor fell to his death after working on an overhead crane at Sapa Heat Transfer Shanghai.

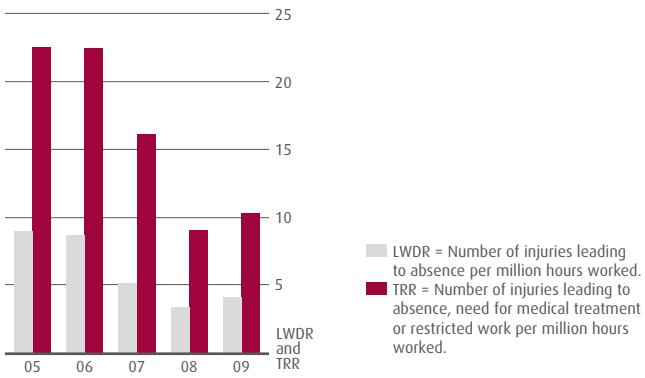
Indalex was acquired in July 2009, and all locations have been involved in the integration process. A new EHS manager has been appointed for North America and incident reporting procedures have been implemented. The inclusion of Indalex increased the Group's Lost Work Day Rate (LWDR) to 4.1 and the Total Recordable Rate (TRR) to 10.4 in 2009.

Absenteeism rates for the Group, including Indalex, are recorded monthly with an annual rate of 3.9% of hours worked.

Sapa's approach to EHS continues as an integrated process based on communication, training, auditing and rewarding to make all locations as self sufficient as possible.

The Group has drawn up a three-year EHS plan that has been integrated into Sapa's business system, Genesis. This overarching plan is being deployed at all factories at a rate appropriate to the locations' current conditions.

LOST WORK DAY AND TOTAL RECORDABLE INJURIES



SAPA

The implementation of the EHS Management System (EHSMS) is critical to Sapa's EHS success, and all the required documentation, as well as training and support materials, are available on the company's Intranet system.

Sapa's Incident Management System (IMS) was implemented in 2009. All locations worldwide enter their injury details (including photographs), environment non-compliances and injury-free events (near misses). The system provides a corporate overview and makes it possible for the plants to produce statistical analyses.

The Sapa Presidents Award for EHS was awarded to Sapa Profiles Offenburg for successfully integrating EHS into manufacturing activities and the deployment of EHS throughout the organisation.

In 2010, there will be continued emphasis on improving core competence in EHS at all locations through the use of online skill builders, tool box talks, measures to "train-the-trainer" and EHS auditors.

Environment

Sapa locations worldwide perform many and varied environmental activities, ranging from the implementation of ISO14001 and the installation of new energy efficient equipment, to the prevention of spills of hazardous chemicals to green travel policies.

Sapa Profiles Sweden has adopted a green Travel and Meeting Policy. The message in this strategy is clear: Every business trip should contribute to sustainable development for Sapa. The policy requires that employees consider web meetings instead of travelling and encourages the use of public transport instead of using taxis or cars, and car-pooling whenever possible.

Sapa Hungary has introduced key performance indicators (KPI) for the environment that are highly visible to everyone at the plant and cover electricity, gas, compressed air and packing materials.

Resource consumption

Energy

Sapa's energy consumption totalled 2,380 GWh in 2009, the bulk of which was heat energy, with 35% used as electricity.

Several initiatives were implemented in 2009 to reduce energy consumption. The measures ranged from the sophisticated electronic control of motors, power factor correction and new high efficiency compressors, to the simple and effective turning off of lights and equipment when not in use.

Several plants conducted energy audits to examine energy sources and identify potential opportunities for optimisation/reduction.

Sapa Heat Transfer Shanghai recently converted a furnace from diesel to natural gas with considerable savings in energy use and emissions.

Water

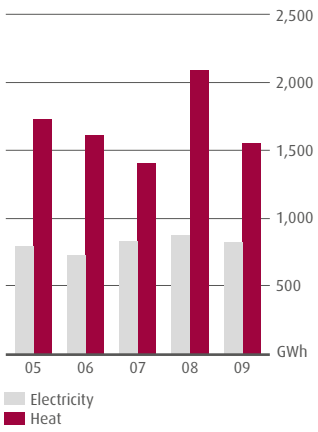
Most Sapa locations use considerable amounts of water during rolling, extrusion, anodising and painting. Water recirculation systems, high efficiency quench units and cooling towers are commonplace.

Emissions

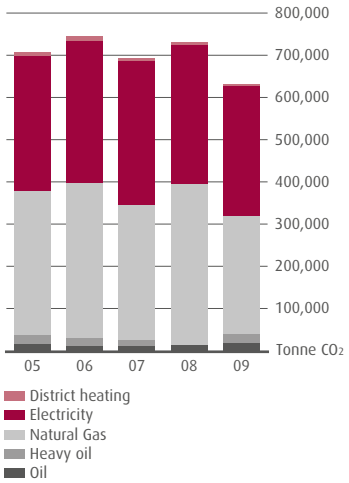
Emissions to air: 293 tonnes of nitrous oxide (NOx), 70 tonnes of sulphur dioxide (SO2) and 532 tonnes of volatile organic compounds (VOC). All locations are required to have plans in place to reduce these and other environmentally harmful emissions.

CO2 emissions from Sapa's own production totalled 317,700 tonnes in 2009, which is a reduction from

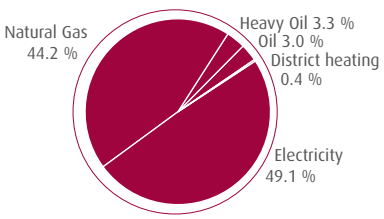
CONSUMPTION OF ENERGY



TOTAL CO_2-EMISSIONS FOR SAPA 2005-09



ALLOCATION OF CO_2-EMISSIONS FOR SAPA 2009



SAPA

395,000 tonnes in 2008. This reduction is due to the reduced production capacity because of the economic downturn. Total CO2 emissions, including emissions from purchased energy, came to 630,000 tonnes. Purchased energy accounted for about 50% of the emissions.

Environment noise reduction barriers have been erected around several plants to reduce noise at the location boundary and to be good neighbours.

Locations such as Sapa Poland have replaced refrigerants, e.g. ozone-depleting chemicals such as HCFCs, with newer, more environmentally friendly substances such as R422d.

The smelting plant at Sapa Vetlanda

There were numerous environmental non-compliances reported in 2009 with the majority occurring at the former Indalex locations. There has been one significant Environment incident reported following a leak at a waste treatment plant in the USA, which was successfully cleaned and with no lasting affects.

Waste

The total amount of waste generated in 2009 was 141,000 tonnes, of which 51% was recycled.

Sapa uses 8,678 tonnes of caustic soda which continues to be a focus for reduction with improvements in die cleaning and anodising systems.

Process improvements at Sapa's location in Poland have been very effective in reducing chemicals used for paint stripping and the subsequent waste.

Sapa Heat Transfer Shanghai had a simple idea to redesign the wood pallets used for transporting coils, greatly reducing the amount of wood used. An operator in Sapa Hungary redesigned a packing method to reduce the amount of plastic used, thus cutting costs and waste packaging.

There have been improvements in material storage at all locations due to consistent use of covered storage areas, including containment for spillages where required. Chemical storage has also improved and secondary containment is now commonplace.

Risk assessment of all hazardous substances used at locations is undertaken to determine risk related to use, storage, transport and waste management.

Other matters

Sapa Profiles is committed to supplying the solar market, and aspires to be the leading supplier in the segment. The company has developed a new patented solar frame.

Sapa Building System has launched and is engaged in ongoing development of solar shading products to keep buildings cool in summer, warm in winter and to provide natural reflected light with photovoltaic cells encapsulated in glazing to generate electricity.

Sapa Profiles Italy has developed an anti-noise barrier aimed at reducing ambient noise. The local authorities in Bolzano have shown an interest in the innovative design and the practicalities of the noise barrier. It can be used, for example, during outdoor concerts and to reduce noise from public building and construction projects.

Sapa's integrated EHS Management System is in compliance with both the BS OHSAS 18001 Occupational Health and Safety Management standard and the ISO 14001 Environmental Management standard. Most of Sapa's factories are certified under the ISO 9000 standard, and 26 locations are also certified under the ISO 14001 standard.

2009

BUSINESS AREA

Elkem Silicon-related is a world leader in the environmentally friendly production of metals and materials. Its main products are silicon, solar-grade silicon, special ferrosilicon alloys for the foundry industry, carbon and microsilica. The company has production facilities in Europe, North America, South America, South Africa and Asia, and a comprehensive network of sales offices and agents in the main markets. Borregaard Chemicals has one of the world's most advanced biorefineries. Using timber as a raw material, it produces a wide range of advanced biochemicals, biomaterials and bioethanol that are sustainable alternatives to oil-based products. The company also holds strong positions in additives and fine chemicals. Borregaard is an international enterprise with production units and sales offices in the most important industrial markets. Orkla Materials Energy has hydro power production with an annual capacity of approximately 2.5 TWh.

ORKLA MATERIALS

Elkem has achieved the best Lost Work Day Rate (LWDR) ever at 1.5 in 2009, while the Total Recordable Rate (TRR) was 4.5 in 2009, down from 6.8 in 2008.

In 2009, Borregaard commissioned a life-cycle analysis (LCA), to analyse and document climate impacts in connection with its biorefinery concept. The analysis showed that Borregaard's bio-based products compare very favourably to oil-based alternatives.

ELKEM

Health and the working environment

The sickness absence percentage is a key target figure in relation to health and the working environment at Elkem. In order to reduce and control sickness absence, there is a continuous focus on prevention, management involvement and personal follow-up of individuals. This has reduced the rate of sickness absence from 5.6% in 2004 to 3.6% in 2009.

In 2009, Elkem's Norwegian operations reported an increase in the sickness absence rate from 4.9% to 6.2%. In the Norwegian companies, efforts to reduce sickness absence are based on the framework of the Inclusive Workplace Agreement. As soon as an employee goes out on sick leave, the focus is on providing assistance, assessing his or her remaining capacity for work, and helping to get the person back to work as quickly as possible.

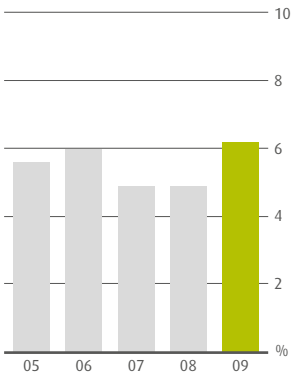
Efforts to improve the working environment are based on risk analyses and concrete measurement of the employees' exposure to dust, noise and heat. In 2009, a comprehensive survey of exposure in the tapping zones of Elkem's smelting furnaces was carried out in cooperation with SINTEF, with the aim of improving personal protection. In addition, employees' health is monitored regularly through the occupational health service.

In response to the results of a study concerning a possible link between the dust to which smelting plant workers are exposed and the development of chronic obstructive lung disease (COLD), requirements related to personal protection have been tightened, and several projects have been initiated to reduce dust exposure on the production premises.

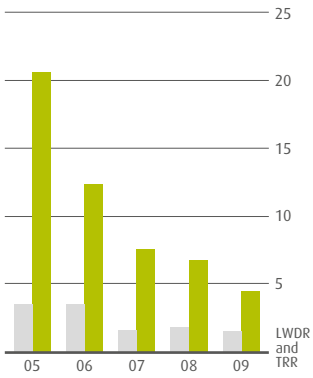
Safety

In 2009, Elkem's activity level was strongly influenced by the financial crisis. Capacity utilisation was reduced, and employees were temporarily laid off for certain periods. However, EHS efforts have had the same high priority, and Elkem produced its best ever

SICKNESS ABSENCE IN ELKEM'S NORWEGIAN OPERATIONS



LOST WORK DAY AND TOTAL RECORDABLE INJURIES



LWDR = Number of injuries leading to absence per million hours worked
TRR = Number of injuries leading to absence, need for medical treatment or restricted work per million hours worked

ELKEM

results in this area. The Lost Work Day Rate (LWDR) was 1.5 in 2009, compared to 1.8 in 2008, while the Total Recordable Rate (TRR) was 4.5 in 2009, compared to 6.8 in 2008.

Elkem has focused on training employees in how to improve safety in connection with facilities and equipment. Examples of upgrades include rebuilding tapping platforms at several plants to improve protection for tapping operators and completing the installation of leak-detection systems to prevent explosions at Elkem's smelting furnaces.

No accidents resulting in death were recorded in 2009. One serious injury occurred, as a result of which a person had to have several fingers amputated. Most of the other injuries reported were cuts and pinch injuries to arms, hands and fingers. A number of serious near-accidents and equipment accidents were also reported. Fires at Elkem Solar and Elkem Bremanger led to production stoppages and the loss of assets. Well-functioning emergency-preparedness systems helped to ensure that the situations were brought under control quickly, and did not result in personal injuries.

During 2009, Elkem continued working on its internal routines for ensuring systematic follow-up of suppliers' compliance with Elkem's requirements relating to good, safe working conditions for employees.

The microsilica processing plant at Elkem Thamshavn

Elkem will continue its behaviour-focused work in 2010. This will take the form of job observations, improved follow-up on EHS deviations, and training/attitude-forming initiatives with a particular emphasis on EHS. Elkem's systematic efforts to follow up on hired-in personnel and suppliers on-site will also be strengthened.

Resource use

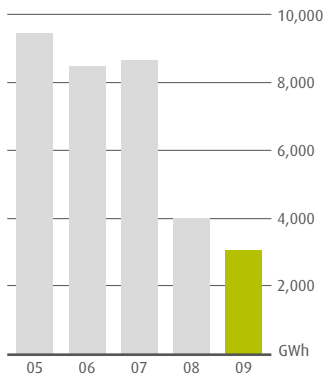
Energy

Elkem's electricity consumption totalled 3.1 TWh in 2009, compared to 4.0 TWh in 2008. The drop is due to lower capacity utilisation by plants due to the financial crisis.

Elkem's hydropower plants in Norway and Canada generated 3.3 TWh of electricity. At the Elkem Thamshavn and Elkem Bjølvefossen smelting plants in Norway, 81 GWh of recycled electrical energy was generated from hot waste gases. Several of Elkem's plants utilised waste heat (equivalent to 117 GWh) gained from hot water and steam to heat buildings or in neighbouring production facilities.

Elkem implemented several heat-recovery and energy-saving measures in 2009. One example is provided by

CONSUMPTION OF ENERGY



ELKEM

Elkem Carbon China, which replaced coal-fired production of hot water corresponding to 2,300 KWh with heat-recovery from the plant's calcination furnaces. This has resulted in an annual reduction in the plant's CO2 emissions of 26,000 tonnes, and in reduced dust emissions.

The experience gained by Elkem Carbon China through the heat-recovery project will be applied to Elkem Carbon's other plants in South Africa, Brazil and Norway.

Energy-efficiency measures and energy recovery, including the ongoing recovery projects at Elkem Thamshavn, will continue to be priorities in 2010. Energy management will be an integral part of EHS efforts. Many plants are considering options for utilising district heating both internally and in their local communities. Reduced consumption of electricity for heating purposes, the replacement of energy-intensive machines, and reduced use of compressed air are all part of the improvement plans.

In 2009, a decision was made to sell parts of Elkem's energy production capacity, due to new Norwegian rules on the private ownership of power plants. Elkem Energi Siso and Elkem Energi Bremanger were sold and transferred to new owners at the end of 2009. After 31 December 2009, Elkem's hydropower production capacity amounts to approximately 2,000 GWh in Norway (Elkem Saudefaldene) and 300 GWh in Canada (Elkem Chicoutimi).

Raw materials

Elkem inspects raw materials for important environmental elements, such as their content of sulphur and certain selected trace elements. This data is included in reports to the Climate and Pollution Agency on the Norwegian plants' emissions of environmental toxins.

Conditions for the safe storage of raw materials and chemicals in tanks and silos are continuously monitored through both internal and general audits.

Emissions

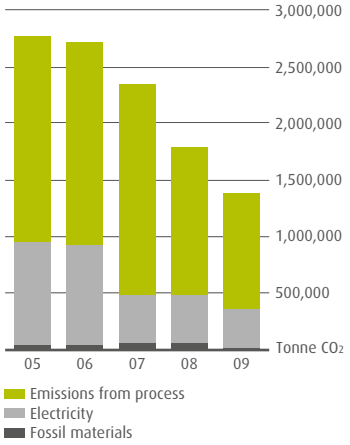
Elkem accounts for around 50% of the greenhouse gas emissions from Orkla's own production, generating 1.05 million tonnes of CO2 equivalents in 2009. This is a reduction from 1.35 million tonnes in 2008. The drop in emissions from 2008 to 2009 is largely linked to reduced capacity utilisation due to the financial crisis.

Orkla's climate accounts for 2009 also include emissions from purchased energy, bringing total CO2 emissions to 1.4 million tonnes. Purchased energy accounts for 33% of emissions.

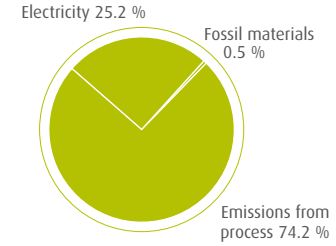
Elkem's total emissions of SO2 have continuously been reduced over many years. The reduction has been achieved through a combination of a switch to the manufacture of products with lower emissions per weight unit and a focus on using low-sulphur coal. However, the drop in SO2 emissions in 2009 is due to lower production.

In 2009, emissions of NOx totalled 3,600 tonnes, compared to 4,900 tonnes in 2008. These emissions are primarily generated by the smelting furnace process for the production of ferrosilicon (FeSi) and silicon metal. Work has begun on optimising and monitoring NOx emissions from the ferrosilicon and silicon factories, and

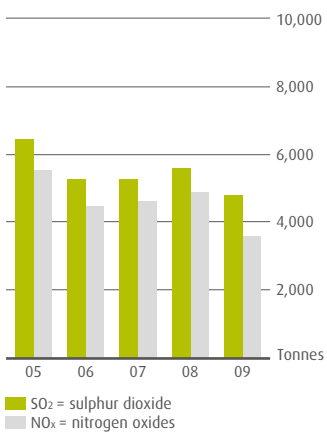
TOTAL CO_2-EMISSIONS FOR ELKEM 2005-2009



ALLOCATION OF CO_2-EMISSIONS FOR ELKEM 2009



EMISSIONS TO AIR – SO_2 OG NO_x



ELKEM

improvement programmes focused on dust and noise have been launched, to benefit both the indoor and outdoor environments.

Elkem Bremanger and Elkem Carbon Fiskaa will continue to monitor discharges to water and sea-water trends after measures are implemented. At the Elkem Bremanger plant, a surveillance programme has been established to monitor pollution loads in the Nordgulen fjord, where a deposit was in use from 1988 to 1993. The fjord continues to show environmental improvement. At Elkem Carbon in Kristiansand, steps have been taken to reduce PAH emissions and to monitor compliance with emission levels.

Waste

The amount of waste generated has fallen significantly in recent years, and most of Elkem's waste is now recycled. In 2009, several plants gave increased emphasis to waste-sorting and training measures, with a view to further improving waste utilisation.

During 2009, pilot tests were carried out at Elkem Bjølvefossen in relation to the destruction of spent pot lining (SPL), a waste product from aluminium plants. The aim was to produce stable slag that binds up SPL pollution and utilises carbon for the production of ferric products. The pilot tests verified the process. In 2010, market conditions and the construction of an industrial plant will be considered further. A facility of this type would also be capable of recycling other types of waste.

Other matters

All Elkem factories are certified in accordance with the ISO 9000 quality management standard. Several factories are also certified in accordance with the ISO 14001 environmental management standard. Those that are not so certified operate, as a minimum, in compliance with ISO 14001 (primarily on the basis of the Norwegian system of internal control).

Elkem's ferrosilicon/silicon factories in Norway applied for renewed emissions permits in 2007. Updated permits are expected to be granted in 2010.

No serious breaches of environmental licences and permits were registered in 2009. Current measurements show that no emissions violate existing local air quality standards or other requirements imposed by the authorities. Very few complaints from neighbours were registered in 2009. The complaints received primarily related to emissions of dust and noise. Each complaint is registered and followed up on by contacting the complainant, providing information and, if necessary, implementing measures.

In 2009, Elkem has continued to adapt its operations to the requirements of the EU regulatory framework for chemicals (REACH – Registration, Evaluation and Authorisation of CHemicals), by ensuring that necessary chemicals are pre-registered with the European Chemicals Agency (ECHA).

BORREGAARD

The bleaching plant at Borregaard Sarpsborg

Health and the working environment

In 2009, Borregaard's sickness absence rate was 5.5%, representing a small increase on 2008. The increase largely relates to absences at Borregaard Sarpsborg due to influenza during the second half of the year.

Two-thirds of Borregaard's employees work for Borregaard Sarpsborg. The company gives emphasis to close follow-up of persons on sick leave, and to adapting the work tasks of individual employees within the framework of the Inclusive Workplace Agreement.

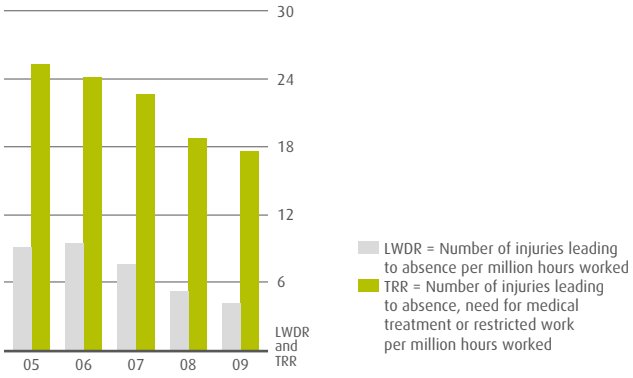
Some 40% of persons on sick leave have been given new, adapted work tasks during their period of illness. In 2010, Borregaard will continue its systematic efforts with regard to reducing sickness absence and maintaining a focus on keeping employees healthy in the long term.

Safety

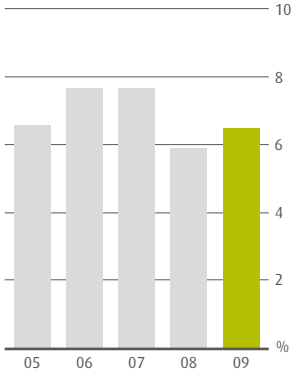
In 2009, the Lost Work Day Rate (LWDR) was 3.6, representing an improvement on the 2008 figure of 5.2. The Total Recordable Rate (TRR) was 17.2, dropping from 18.8 in 2008.

Borregaard's most international business, Borregaard LignoTech, continued its "Zero Harm" improvement project to promote EHS work and improve its standardisation across all production sites. The project encompasses safety inspections and safety talks, teaching and training, as well as the development of improved safety procedures. Borregaard LignoTech has a good track record in the EHS field, and sets high standards in the area of safety. Active efforts are being made to eliminate workplace risk factors, in order to achieve the objective of zero injuries.

LOST WORK DAY AND TOTAL RECORDABLE INJURIES



SICKNESS ABSENCE IN BORREGAARD'S NORWEGIAN OPERATIONS



BORREGAARD

Borregaard Sarpsborg

Borregaard LignoTech aims to build a culture in which each individual employee takes responsibility for both his/her own workplace safety and that of colleagues. Borregaard LignoTech's production sites are widely spread, and several working languages are used within the organisation. Communication is therefore one of the most important means of achieving a safer workplace. Safety is on the agenda at every management meeting, and employees are continuously reminded of the organisation's safety goals. Safety will continue to be in focus in 2010, to ensure that employees take ownership of and are involved in ongoing safety efforts.

Several measures have been implemented to improve safety at Borregaard Sarpsborg in connection with the improvement project "BF 2010", and a zero-incident aim has been adopted in respect of EHS. Activities in 2010 will concentrate on intensifying management's EHS focus, implementing relevant safety training, and highlighting risk and standardised safety-procedure rules. In addition, necessary tools with regard to work permits and new methods of improving process safety will be introduced

Environment

In 2009, Borregaard commissioned a life-cycle analysis (LCA), carried out by Østfoldforskning, to analyse and document climate impacts in connection with its biorefinery concept. The analysis showed that Borregaard's bio-based products compare very favourably to oil-based alternatives.

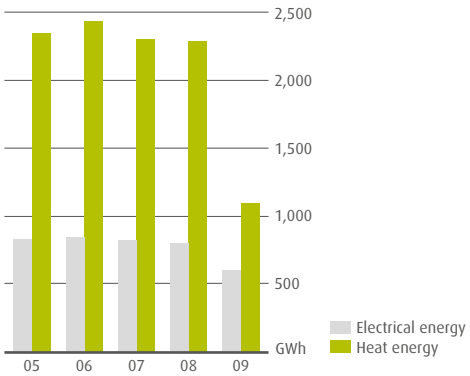
Resource use

Energy

Energy consumption for all Borregaard units totalled 1.7 TWh (1.1 TWh thermal and 0.6 TWh electricity) in 2009. The plant in Sarpsborg accounts for the largest share of energy demand. Thermal-energy consumption at Borregaard Sarpsborg was 0.94 TWh. In 2009, 53% of thermal energy came from renewable sources such as biofuels, energy recovered from industrial processes and waste incineration, while 47% came from the burning of fossil fuels. In 2010, only 30% of energy consumption will be covered by fossil fuels, as Borregaard will replace this energy with energy from Hafslund's waste incineration plant during the course of the year.

Borregaard's hydropower production now totals 490 GWh, corresponding

CONSUMPTION OF ENERGY



BORREGAARD

to the energy consumption of 24,000 households. In the spring of 2009, two new turbines were installed at Borregaard Sarpsborg's power plant. The new turbines are expected to increase annual production by 55 GWh of hydropower, generated by Sarpsfossen. The project has cost NOK 150 million, and has been implemented without environmental consequences or changes in the natural landscape. The project has received support from the Norwegian authorities' support scheme for new renewable energy.

The installation of a new timber chipper in 2009 helped to reduce energy consumption significantly.

Water

Borregaard is self-sufficient as regards water, through its own water treatment plant. Water is used in Borregaard's industrial processes, not least for cooling, steam and hot-water production, transportation of products, cleaning and washing.

Borregaard's total water consumption was 25.7 million m^3, representing a drop on 2008, when water consumption totalled 27 million m^3. The drop is due, among other things, to the installation of a new after-screening stage in the fibre production line and measures to decrease the water consumption of the drying machine. Energy optimisation with regard to the fibre production line will reduce water consumption further in 2010.

Raw materials

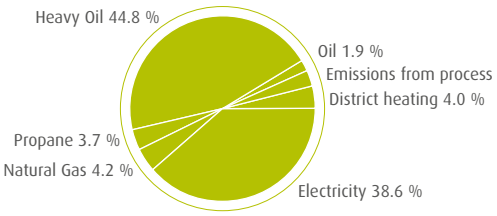
Borregaard wishes, insofar as possible, to give priority to timber from its own vicinity, thus reducing the need for transportation. Priority will also be given to timber from forests managed in accordance with internationally recognised principles for sustainable forest management. Through its trade organisation in Norway, Borregaard has also contributed to the further development of certification systems for Norwegian timber.

Emissions

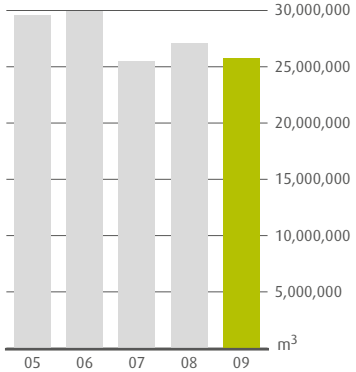
Borregaard wishes to give priority to measures to minimise adverse effects in the form of odours and noise generated by its operations, and works continuously on a variety of projects to reduce emissions to air and discharges to water of substances that have an impact on the environment.

Improvement programmes are based on use of the "best available technology" and achievable emission/discharge levels.

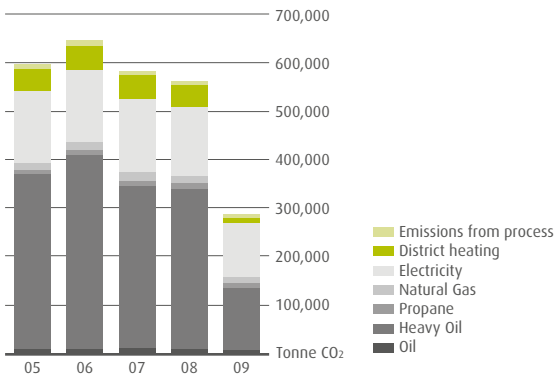
ALLOCATION OF CO_2-EMISSIONS FOR BORREGAARD 2009



WATER CONSUMPTION



TOTAL CO_2-EMISSIONS FOR BORREGAARD 2005-2009



BORREGAARD

Borregaard's emissions of CO_2 are largely related to the use of fossil fuels for heat production, and totalled 158,000 tonnes in 2009. This represents a steep decline from the 2008 level of 384,000 tonnes. The reduction is the result of a transition to greater use of bio-based raw materials for heat production at Borregaard Sarpsborg and the closing down of operations in Switzerland. Orkla's climate accounts for 2009 also include emissions from purchased electricity (Nordic mix), bringing total CO_2 emissions to 288,000 tonnes. Purchased electricity accounts for 43% of emissions.

Emissions of SO_2 are generated partly by production processes and partly by the burning of fossil fuels. In 2009, Borregaard's total SO_2 emissions were 740 tonnes, a large drop of some 65% on 2008. The reduction is due to the new SO_2 scrubber installed in the boilerhouse chimney at Borregaard Sarpsborg in 2008, and to the discontinuation of the Swiss operation.

An important challenge for Borregaard, particularly at its plant in Norway, is to reduce oil consumption. Borregaard has built several plants based on renewable energy, which are helping to reduce oil consumption. In 2009, an additional plant was built to recover energy from waste generated by Borresgaard's facility in Sarpsborg. As of 2010, the plant will halve the consumption of heavy oil for the production of steam at Borregaard Sarpsborg, and help to reduce CO_2 and NOx emissions.

Stage two of the biological purification plant at Borregaard Sarpsborg has been closed since 2008 due to the risk of Legionnaires' disease. Emissions/discharges of COD, AOX, copper and phosphorous therefore increased in 2009. The capacity of the anaerobic biological purification plant has been increased, and several measures have been implemented to reduce COD emissions/discharges from the bleaching and cooking plants.

2010 will see the continuation of the pilot project aimed at identifying a legionella-free biological treatment for emissions/discharges. New equipment will be installed to reduce AOX and copper emissions/discharges by 50%, and a new method for reducing phosphorous emissions by around 30% will be introduced.

Borregaard closed its landfill site at Opsund in Sarpsborg in 2009. Measures are being implemented in accordance with the approved termination plan for the site.

Waste

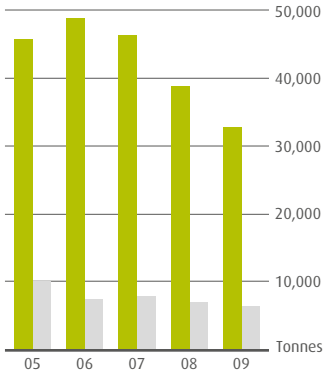
Good sorting systems have been introduced for waste from the Sarpsborg plant. In 2009, 91% of all waste was sorted. One result of the effort to reduce copper emissions/discharges will be a drop in 2010 in the amount of plaster Borregaard Sarpsborg sends to landfill sites.

Other matters

Borregaard LignoTech in South Africa will become ISO 14001 certified in 2010.

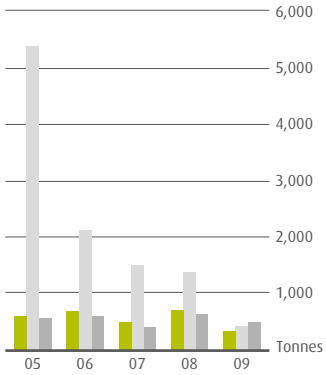
Borregaard is always kept updated on REACH, and has pre-registered all relevant substances it produces in and/or imports to the EEA Area. Together with its industrial partners, the company has made good progress as regards preparing the registrations. It has given greatest priority to high-tonnage substances, which have to be registered by 1 December 2010.

EMISSIONS TO WATER - COD AND SUSPENDED MATERIALS



COD
Chemical Oxygen demand
(Measurement of quality of organic materials in emissions to water)
Suspended materials

EMISSIONS TO AIR – SO_2 OG NO_x



SO_2 (sulphur dioxide) from fossil fuel
SO_2 (sulphur dioxide) from processes
NO_x (nitrogen oxides)

2009

BUSINESS AREA

Orkla Associates comprises investments in companies where full ownership is not desirable or is not possible, and mainly consists of Orkla's investments in REC ASA and Jotun A/S.

In both these investments, Orkla has an equity interest of approximately 40 %. Orkla has three representatives on REC's Board of Directors and two representatives on Jotun's Board of Directors.

ORKLA ASSOCIATES

Orkla Associates consists primarily of the investments in the Renewable Energy Corporation ASA (REC) (39.7% stake), and Jotun AS (42.5% stake).

The companies are not required to report EHS data to Orkla, and are therefore not included in this report.

2009

BUSINESS AREA

Orkla Financial Investments consists of four business units: the Share Portfolio, Orkla Finans, Orkla Eiendom and Elkem Energi Handel. The Share Portfolio staff manages one of Norway's largest share portfolios consisting primarily of investments in the Nordic region. Orkla Finans offers investment services to institutional and private investors, while Orkla Eiendom invests in and develops real estate properties. Elkem Energi Handel, which trades in and manages power contracts, was transferred within the organisation from Elkem to Orkla Financial Investments in 2009. The business area also includes Borregaard Skoger, which develops and manages Orkla's forests.

ORKLA FINANCIAL INVESTMENTS

Orkla Financial Investments has built up expertise relating to investments in environment-related projects, and the Share Portfolio staff includes analysts with specialised experience in the area of green investments.

Orkla Eiendom focuses on eco-efficient, environmentally sound solutions, which it applies in its real estate projects.

ORKLA FINANCIAL INVESTMENTS

Ringnes Park in Oslo

The Share Portfolio

Orkla Financial Investments has built up expertise relating to investments in environment-related projects, and the Share Portfolio staff includes analysts with specialised experience in the area of green investments. Collaboration has also been established in this field with the research departments at Borregaard and Elkem.

Orkla Eiendom

The requirements imposed by the Norwegian authorities in relation to EHS in connection with building projects have been tightened significantly in recent years. The Working Environment Act has given building principals great responsibility. Orkla Eiendom requires its partners on building projects to have good systems in place to ensure that the requirements are satisfied.

EHS efforts in connection with projects

In its role as building principal, Orkla Eiendom requires project managers to be present on-site to ensure close co-operation with the developer regarding EHS efforts. Critical operations must be identified at an early stage of the building project. "Safe Job Analyses" (SJA) must be prepared well before these activities are begun, to ensure that the building site is safe.

Regular safety inspections must be made, and undesired events must be reported (by means of a "Report on Undesired Event"). Such reports must be followed up on systematically. In the event of breaches of EHS regulations, project managers must implement necessary measures vis-à-vis the developer. Project managers must report to Orkla Eiendom on a monthly basis regarding the status of the project's EHS efforts. The key figures are the number of undesired-event reports, the number of injuries, and the number of injuries resulting in absence.

In 2009, Orkla Eiendom's own projects have revolved around the major construction project at Ringnes Park in Oslo and the environmental refurbishment of Idun Industri's former yeast factory at Sandaker in Oslo. Orkla Eiendom has the aim of avoiding

FINANCIAL INVESTMENTS

personal injuries at its building sites that result in absence, and this was achieved in 2009.

Eco-efficient solutions

Orkla Eiendom focuses on eco-efficient, environmentally sound solutions, which it applies in its real estate projects. Both new properties that are purchased and the buildings that are already part of the portfolio are carefully reviewed to ensure proper energy management. Both environmental gains and lower operating costs can be achieved by simple means through the implementation of energy-saving measures.

As of 1 July 2010, all residential and non-residential buildings that are sold or rented out must have an energy certificate, which consists of an energy badge showing the building's energy standard. The aim is to increase awareness of energy consumption and solutions that can make the residence or building more energy-efficient. Orkla Eiendom considers this a good means of reducing energy consumption, and has begun certifying its properties.

Property development is also active social development, and several of Orkla Eiendom's projects involve the renewal of old industrial areas through their conversion into modern residential and commercial areas. Given the Orkla Group's many industrial operations, this type of development project will be a key component of Orkla Eiendom's portfolio in future. In 2010, construction of almost 200 residential units will begin at Idun Industri's former yeast factory at Sandaker. This is a good example of this type of project.

Borregaard Skoger

Orkla owns a total of 1,080,000 decares of forest, of which 780,000 decares are productive forest. Borregaard Skoger AS is responsible for the management of these properties, which is firmly based on the principle of sustainable forestry. This principle also implies responsibility for employees, society and the environment.

Environmental certification and environmental registration have been priorities for Borregaard Skoger, and all properties have undergone either key biotope registration or environmental registration.

Operative forestry business

The operative forestry business is run by an operating company, Statskog Borregaard Skogsdrift AS (SB SKOG), whose environmental management system has been certified by Det Norske Veritas since 1999. The company is certified in accordance with ISO 14001 and the 'Living Forest' standard for sustainable Norwegian forestry. The standard contains 25 requirements, which together cover areas and measures that have an environmental impact or are significant for forestry activities. In August 2009, SB SKOG was also certified in accordance with the ISO 9001 quality management system.

SB SKOG is supplying an increasing amount of wood for bio-energy purposes, and this is a priority area for the company. Currently, approximately half of the timber that is harvested is processed, and half is converted into timber.

ABOUT THE EHS REPORT

The purpose of this report is to give readers the best possible insight into Orkla's approach to environment, health and safety (EHS), and the status of the Group's efforts in this field.

The information in Orkla's EHS report is based on contributions from many different units and data sources. Great importance is attached to ensuring that the information is correct. However, the report does not aim to cover detailed matters that may be significant for individual local companies, activities or products.

To be able to further develop and improve our EHS efforts and reporting procedures, we would appreciate your comments and suggestions. Please send your feedback to post@orklabrands.no

Read more about Orkla in 2009 in the Group's Annual Report.

Read about Orkla's social responsibility in the Group's Sustainability Report.

Design:
Cox Oslo

Web production:
Odin media as

Technical solution:
ErgoGroup ASA

Translation:
Maidie Kloster,
Michael Krallmann,
Linda Sivesin and
Nina Reier.

Photos:
Kyrre Lien, Jan Lillehamre,
Elkem and MTR Foods.

CONTACT US

Orkla ASA
Inger Johanne Eikeland

P.O. Box 423 Skøyen
NO-0213 Oslo
Tel: + 47 22 54 40 00
Fax: +47 22 54 45 90
E-mail:
inger-johanne.eikeland@
orkla.no

Orkla Brands
Kari Westersund

P.O. Box 711
NO-1411 Kolbotn
Tel: + 47 66 81 61 00
Fax: + 47 66 80 63 78
E-mail:
kari.westersund@
orklabrands.no

Orkla Aluminium Solutions
Sapa
Brian Jones

Humlegårdsgatan 17
Box 5505
SE-114 85 Stockholm
Tel: +46 84 59 59 00
Fax: +46 84 59 59 50
Mobile: + 44 77 65 24 05 87
E-mail:
brian.jones@sapagroup.com

Orkla Materials
Elkem AS
Johan Hovland

P.O. Box 5211 Majorstuen
NO- 0303 Oslo
Tel: + 47 22 45 01 00
Fax: + 47 22 45 04 95
E-mail: johan.hovland@
elkem.no

Orkla Materials
Borregaard
Dag Arthur Aasbø

P.O. Box. 162
NO-1701 Sarpsborg
Tel: + 47 69 11 80 00
Fax: + 47 69 11 88 01
E-mail: dag.arthur.aasbo@
borregaard.com

Orkla Financial Investments
Nils-Jørgen Øhre

P.O. Box 423 Skøyen
NO-0213 Oslo
Tel: + 47 22 54 40 00
E-mail: nils-jorgen.ohre@orkla.no

Orkla ASA
P.O. Box 423 Skøyen
NO-0213 Oslo, Norway

Office address:
Karenslyst allé 6
NO-0278 Oslo, Norway

Tel: +47 22 54 40 00
Fax: +47 22 54 44 90
Enterprise number:
NO 910 747 711

www.orkla.com

In addition to the EHS Report , Orkla also publishes an Annual Report and a Sustainability Report. These are available at www.orkla.com