

We lead the way

SUSTAINABILITY REPORT 2017



UNIL+

(UNIL)

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Sustainability is branding in practice

With Unil's second sustainability report, we are on our way to establishing a tradition. The work with sustainability is one of the corner stones in our ambition to build strong brands.

2017 was another year when we prioritised sustainability through various initiatives and in our daily work. The purpose of the report is to provide more knowledge of this work, internally and externally.

NorgesGruppen's own brands are one of the Group's business areas closest to the consumer because it is our own products which are offered to the individual consumer. For that reason, there is a special responsibility resting with us to make sure that each and every consumer should not react negatively to the contents, packaging or the conditions under which our products are made. At the same time, this gives us an opportunity to use our sustainability work to create positive associations linked to our brands. A condition for achieving this is that we communicate the sustainability stories to our consumers.

Through our brand platform, we have promised the society that we shall lead the way and be a driving force in promoting sustainable development in the society. Our decision to phase out and replace all canned foods of our

products with more environmentally friendly packaging alternatives by 2022 is a good example of this.

The report shows that our employees, suppliers and partners are willing to invest the extra effort which is required to make a difference. I am impressed and proud of the demanding work which was done last year. I would therefore like to take advantage of the opportunity to thank you all for your efforts and commitment.

Our goals are ambitious and demanding, but they can be reached if we all pull together.

We shall lead the way!

Odd Ture Wang
Managing Director



Transparency is the way ahead

In 2016 we introduced the general goals of our Sustainability Strategy up to 2020 for the first time. In this report we want to share the good stories and present the job we have already done to achieve these goals, a job we are proud of. At the same time, we would like to mention some of the challenges we have encountered on our way so far and what challenges remain. In the same way as we expect transparency from our suppliers, we want to be transparent in relation to our customers and partners. It is important to share the stories which are less good, as transparency is a condition for finding good solutions.

We have to cooperate about the good solutions. As suppliers of well-known brands to the Norwegian market, we have a responsibility to

ensure that the environment, ethics and health are taken care of in our value chain. The UN's 17 sustainability goals are a common global guideline for countries, civil societies and industry to abolish poverty, fight inequality and stop climate change by 2030. We are taking, and will be taking, our share of this responsibility by continuously working to improve our value chains. We also encourage the individual consumer and our foodservice customers to make more sustainable choices, but also to challenge us. More and more consumers want to know where products come from, under what conditions they are produced and what impact the products have on our health and the environment. We believe that the consumers of the future are sustainable consumers.

Maria Hammer Hardie
Manager Sustainable Sourcing

Wibecke Ødegård Johansen
Quality and Administration Manager





Cooperation



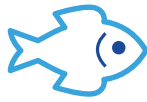
Health



Environment



Working
conditions



Under
water

GENERAL GOALS UP TO 2020

Through our goals we want to be a driving force in the market towards a desired development. This means that:

- We shall reduce our total environmental impact and support Norgesgruppen's environmental ambition of being climate neutral. We are doing this by implementing ambitious measures not only in our own logistics, but also at product level.
- We shall be able to give our customers security that the goods they buy from us are produced under worthy conditions.
- We shall give people and animals in our value chain a better life and a better environment.
- We shall act as responsible players in the grocery and foodservice markets by means of our guidelines and anti-corruption work.
- We support the authorities' diet advice by offering healthy and varied products, which contribute to good health by preventing lifestyle diseases such as overweight, obesity, type 2 diabetes, cancer and cardiovascular diseases.



UNIL AND UNIL+

Unil+ offers many of the same well-known brands as Unil but differentiates itself by focusing on the offshore and foodservice markets.

The plus sign in Unil+ is a symbol of added value in relation to our customers and a commitment to supplying high quality goods.

Inter alia, this means supplying products which comply with sustainability requirements. Sustainability is also important for Unil+ customers, i.e. players in the hotel, restaurant and foodservice markets, who want to act responsibly. We see a positive development in the industry, where the requirement for responsible purchases increase and continuously receive more attention in all tendering processes.

Unil+ also has many customers in the public sector, who have a particular responsibility for securing responsible purchases. In June 2016 Stortinget, i.e. the Norwegian Parliament, passed a new act relating to public procurements which came into force on 1 January 2017. The purpose of the act is to promote efficient use of society's resources, and it also requires contractors to have relevant routines to promote basic human rights in public procurements.

Unil+ wants to provide for and make it easier for the customers to fulfil the ever increasing requirements for sustainability. As is the case with products for the grocery trade, sustainability is among other things communicated through certification systems, e.g. the Nordic Ecolabel, NAAF, FSC, MSC, ASC, UTZ, Fairtrade and the Keyhole symbol. Unil og Unil+ have a joint responsibility and work together and holistically to ensure more sustainable value chains.



Cato J. Korsgård
Commercial & Purchasing
Manager Foodservice

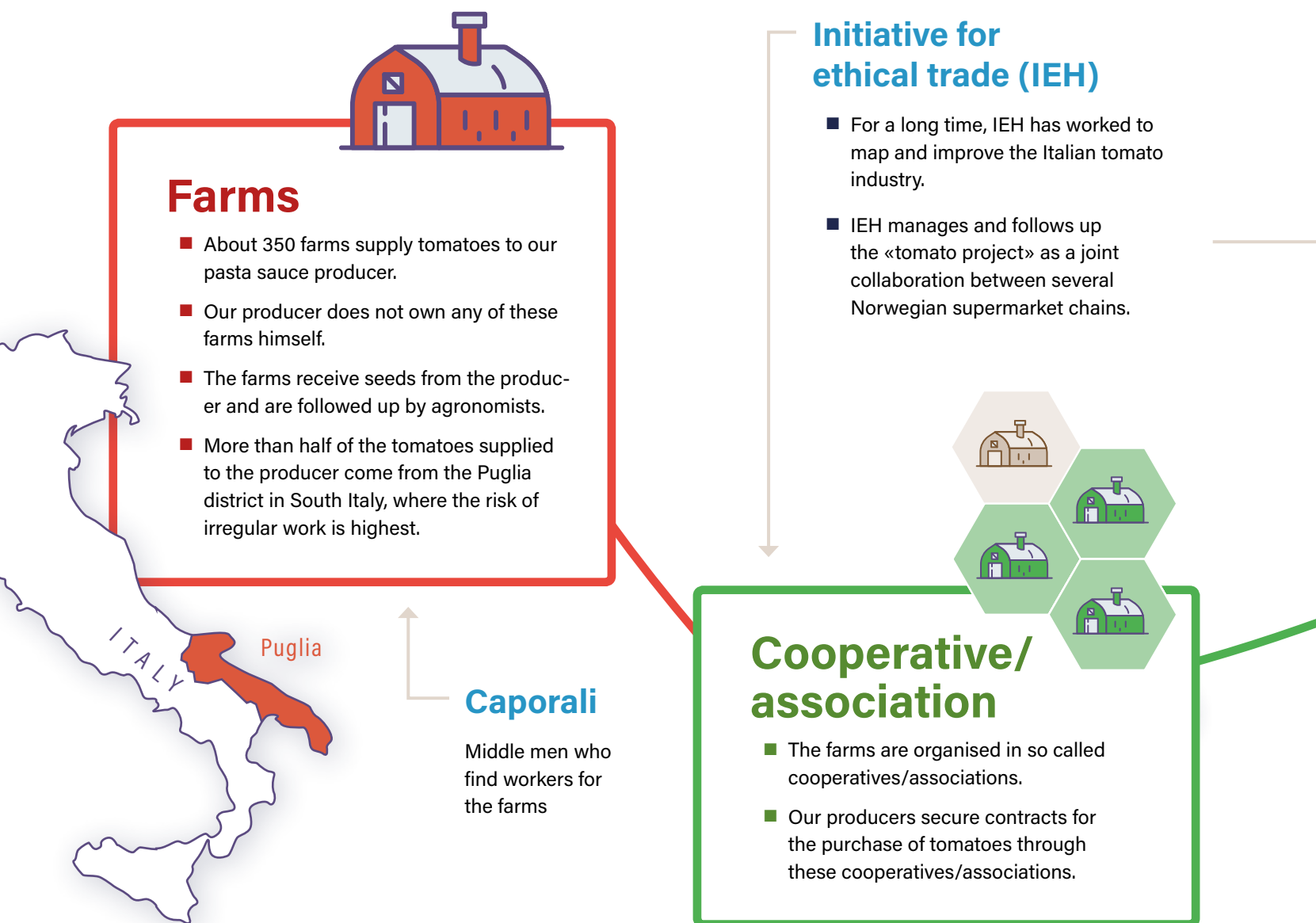
Quality Assurance in complex value chains

Pasta sauce from Italy



Before a product reaches the store shelves, it is thoroughly tested and assessed with regard to food safety, quality and sustainability by Unil's heads, category and purchase managers. Some products pose a higher risk and are more complex than others.

When it comes to our First Price Pasta Sauce, which we launched in 2009, we have worked on it throughout the value chain both in terms of price, improvement of working conditions with the producer's subcontractors and in order to ensure a healthier product.



SOCIAL CHALLENGES IN THE ITALIAN TOMATO INDUSTRY

In 2012 the Norwegian newspaper Aftenposten wrote a number of articles on how migrant workers from West-Africa og East Europe were grossly exploited as tomato pickers in Italy. Words like «modern slavery» and «Europe's blood tomatoes» were used to describe the situation.

Unil has several tomato products from Italy, and for that reason Unil decided in 2013 to participate in a project led by Initiative for Ethical Trade (IEH). IEH prepared a report which concluded that the exploitation of the tomato pickers was mainly connected with irregular recruiting practises. Italian tomato farmers often use middlemen, «caporali», who find workers to the farms. The caporali often take a share of the wages of the workers who do not have contracts and must work long hours in the fields.

The cooperation with IEH and with our Nordic purchase organisation – United Nordic (UN) – is decisive as no player can solve the structural problems in Italy's tomato industry alone. By joining forces we have more leverage and can make our voices more clearly heard throughout the value chain. Good cooperation and regular follow-up of suppliers reduce the number of criticisable conditions. We want to promote dialogue and cooperation instead of immediately terminating challenging supplier relations.

IEH senior adviser, Ole Henning Sommerfelt, says: «*Even if the challenges as regards the tomato pickers' working conditions have not been solved, IEH encourages the supermarket chains to continue buying Italian tomato products. By forming a long-term relationship with their suppliers, and a broad*



Europe's blood tomatoes.

cooperation with other grocery chains and local organisations, it should be possible to find permanent solutions».

We will continue our cooperation with all our suppliers of tomato products to make sure that there is no irregular work. At the same time, we will cooperate across the supermarket chains towards the same goal.

United Nordic

In cooperation with the strategic partners of the purchasing alliance United Nordic, the producer is followed up at regular intervals, which is done by means of correspondence and visits. The Nordic community supports Unil in its work to carry out continuous assessments of producers of tomato products.

Producer

- Unil buys its pasta sauce from a producer in Italy.
- Has its own procedures to identify risks and implement improvements in the value chain.
- Has established its own warning system for farm workers/tomato pickers.
- The producer has reduced a total of 20.7 g sugar and 3 g salt per glass. Based on sales figures from 2017, the potential reduction of salt and sugar in 2018 is 3.7 and 10 tons respectively.



- We have visited the producer several times and carried out visits with a focus on working conditions.
- The previous recipe of the product scored poorly in several consumer tests because of too much sugar and salt.
- We started working on the salt and sugar reduction in 2016 and have changed both the producer and the recipe.

What is expected of Unil now?

Our goals should be ambitious, but at the same time reflect relevant and current issues in our value chain and in society as such. The expectations which customers, partners, owners and other stakeholders have in relation to Unil are important to define the roadmap towards achieving a more sustainable value chain.



Torbjørn Johannson

ASKO CHAIRMAN OF THE BOARD

NorgesGruppen's definition of sustainability is: «**Sustainability implies that we consider social, ethical and environmental factors, and that we operate profitably.**» Some of the things expected of Unil are that:

- Unil does not import products which have not been produced under ethical and socially worthy conditions.
- Unil's products do not contain palm oil and other ingredients which do not contribute to a sustainable development.
- Unil's products are labelled so that the consumer is able to make an informed choice with regard to additives etc.
- Unil's products are packaged without plastics and with as little air as possible in the consumer and distribution packages.



Stig Hagen-Westerlund

PURCHASING DIRECTOR
UMOE RESTAURANTS

For me, sustainable production is a process which can be repeated time and again without negatively impacting the environment and surroundings.

It is important that companies like Unil lead the way and prepare the ground for a sustainable value chain. Buying products from Unil shall mean that you at the same time choose sustainable products.

In order to find the best solutions, the work on sustainability must be part of the corporate culture. I am convinced that Unil does a lot to build a sustainable value chain, but I think you can be even better at telling people about this work. It is important that we as customers see what you do, as this will create a greater collective consciousness around the subject. This is something we can do together.



Henriette Øien

ASSISTANT DIRECTOR GENERAL,
DIRECTORATE OF HEALTH

A sustainable diet is one with a low impact on the environment and which contributes to food and nourishment security and a healthy life for the present as well as the future generations.

In order to become more sustainable, it is according to the UN required to use all countries' available resources for food production. This means that Unil/the food industry may also aim at increasing the sale of Norwegian food. In 2017 the National Nutrition Council published a report, ordered by the Norwegian Directorate of Health, which showed that there is a high degree of compatibility between eating in line with the official Norwegian dietary advice and eating sustainably.

This means that Unil, if you work for the population to have a diet which is more in line with the prevailing dietary advice, also makes a right and important job for sustainability.



Jacob Rolland

KIWI MINIPRIS CHIEF
MARKETING MANAGER

When it comes to the word sustainability, what I think of first of all is that our shops should be built and operated as environmentally friendly as possible, and that we, to the very best of our ability, work to consider the environment and the people throughout our value chain.

Unil has an important job to do in bringing out good products for KIWI, and I expect that UNIL will work hard to make sure that sustainability is considered all through the value chain. **But I also want Unil to be at the forefront in finding good and green alternatives where we know that we have challenges today.** Changing from plastic to carton in our cotton swabs was a minor, but a good example of what we want more of.



Heidi Furustøl

MANAGER OF ETHICAL TRADING
INITIATIVE NORWAY (IEH)

Sustainability in the supply chain is about taking care of people and the rights of those who produce the goods and ensure a proper management of the environment.

IEH expects that Unil and other companies in the grocery industry map the challenges in their supply chains and implement measures to avoid or reduce adverse impacts related to their activities and correct any harm to the workers. The companies should prioritise on the basis of the severity and scope of the challenges.

Tons of sugar removed

In Unil we are working actively to promote good public health. In 2017 we sold almost 1000 tons less sugar through NorgesGruppen's tills.

Too much sugar in the diet increases the risk of overweight, obesity and lifestyle related diseases. Foods rich in sugar are often rich in calories, too, and contribute to more energy than you use. Instead of giving you a feeling of satiety such products contain almost exclusively empty calories with few nutrients, vitamins and minerals.

Unil wants to contribute to good public health, and we have therefore started the job to reduce the sugar content in a number of products. In 2017 we reduced the sugar content of the categories of beverages, ready-to-eat food products and dry goods. Inter alia, we reduced the sugar content by as much as 30% in our squashes and launched sugarfree alternatives to soda. Sugar was also reduced in our Eldorado iced tea by 10%.

We are pleased with these results even if we have met with challenges underway. When we reduced the sugar content in our squashes, we received lots of feedback from consumers saying the squash had a very different taste and was not as good as before. The lesson we learnt

from this is that major reductions of taste enhancing components like sugar should be done gradually and over a longer period to meet the consumers' preferences.

The job to reduce not only sugar, but also salt and saturated fat from our products, is in line with our focus on continuously offering more goods with the Keyhole label. Today we offer 240 products with the Keyhole label both to the supermarkets and the catering market. In 2018 we will step up our efforts, both to offer healthier new launches and to improve existing products. In addition, we will focus on our First Price assortment, as it should not necessarily mean that low price is the same as less healthy products.

We sold
977
TONS
less sugar
in 2017



GOAL 2020

We shall reduce sugar by 10% through NorgesGruppen's tills.

STATUS

Well underway

We sold 977 tons less sugar through NorgesGruppen's tills in 2017. That is equal to an 8% reduction.



Squash with

**30 %
LESS
SUGAR**

AWAY WITH 20 TONS OF SALT AND 13 TONS OF SATURATED FAT

Unil supports the health authorities' goal for reduced salt intake by the population through our commitment in the Salt Partnership. We have been working continuously to reduce the salt content in many products. Compared with 2016, we sold 20 tons less salt through NorgesGruppen's tills in 2017.

We have also reduced saturated fat in for example selected sausages, cured ham and meatballs. Altogether in 2017 we sold 13 tons less saturated fat through NorgesGruppen's tills. These are not large amounts in a total perspective, but if you have a high consumption of these products, it may make a difference.



SMALLER LOOSE CANDY BAGS

When we launched our loose candy concept named «Snop» in 2017, we decided to offer the consumers two different sizes of candy bags, one «family bag» and one smaller «portion bag». By offering a smaller version of the bag, we want to make it simpler for the consumer to buy smaller amounts of loose candy. In addition it is possible to gain small environmental benefits by avoiding the use of unnecessarily much packaging if you choose smaller amounts.

The Keyhole

The Keyhole is a public label for foods. This label is meant to make it easy for consumers to choose healthier foods which contain more fibres and wholegrain and less salt, sugar and saturated fat than other foods in the same product group.





LilleGo' – takes care of the children

Our LilleGo' concept is a good example of how health and environmental benefits walk hand in hand. LilleGo' is a range of products which take care of both the children and the environment.

In 2017 we launched a new concept called LilleGo'. The LilleGo' range includes products for parents and children. The products are good and secure for both the child and the environment. The LilleGo' range is a holistic concept, consisting of diapers, pant diapers, grooming products, baby articles and ecological smoothies in squeeze pouches.

Products for small children and babies require a very high degree of safety both with regard to ingredients and physical shape. The regulatory framework relating to child products have very strict demands. For that reason it has been a natural choice for us to certify the products both according to health and environmental standards.

In addition to offering secure NAAF labelled products, we are proud that several of the products in the range have also been certified according to recognised environmental standards like FSC, the Nordic Ecolabel and Debio.

The LilleGo' range is a good example of how health benefits and environmental benefits can walk hand in hand. Many consumer goods contain chemicals, and whereas some substances are completely harmless, there is every reason to be more careful when it comes to using others. As an ecolabel the Nordic Ecolabel has very strict requirements with regard to the use of chemicals, and often stricter than what the authorities have.

GOAL 2018

We shall remove MI/MCI from all our own brands by 2018.

STATUS

Well underway

We have only one product left which contains MI/MCI.

Disposable cloths

The dry disposable cloths contain no perfume, optical white or chorine and are perfect for changing diapers and cleaning face and hands.

Wet wipes

All wet wipes are dermatologically tested and meet the requirements according to NAAF and the Nordic Ecolabel.



WE ARE CAREFUL WITH CHEMICALS

We work on the basis of the «precautionary» principle with regard to the use of chemicals in our products. In cooperation with Norges-Gruppen, we are developing a priority list of unwanted substances and ingredients. The preservatives MI/MCI, which are often found in body care products and detergents, are included on this list.

First Price liquid hand soap was relaunched with a new recipe in the autumn of 2017. Earlier this soap contained small amounts of the preservatives MI/MCI, which have turned out to be potentially allergenic. MI and MCI are allowed in body care products which are washed off, but there are strict requirements as to how much this can be. The old hand soap contained MI/MCI within the requirements, but based on a «precautionary» principle it was natural for us to remove the substances completely from the product.

Baby articles

All baby articles are BPA free. The products are ergonomically designed for children and adults, and they are both good and easy to use.



The NAAF label

The Norwegian Asthma and Allergy Association's private labelling system mark products which give a minimal risk of health problems.



Diapers

All diaper packs meet the requirements under the NAAF and the Nordic Ecolabels. In addition, they are certified according to the FSC standard and quality tested by KIWA Technological Institute, Norway.



LilleGo' – takes care of the environment

LilleGo' Nordic Ecolabelled diapers are of good quality and contain no optical bleaches, lotions or perfumes which may irritate the skin.

Besides it is a good climate choice to choose LilleGo' Nordic Ecolabelled diapers as the Nordic Ecolabel requires optimisation of the energy consumption during production in the factories. In addition, the diapers are FSC certified, which means that the raw materials for the product do not contribute to illegal deforestation.

The environmental effect of certifying the diapers according to these standards are considerable, as diapers are an enormous consumer article. For example, about 60,000 babies are born in Norway every year. If all newborns change diapers five times every 24 hours, this will correspond to 109,500,000 a year. The consumption is even higher if you also include the somewhat older diaper children. If you choose Nordic Ecolabelled diapers, you quite simply choose a reduced climate impact, sustainable use of resources and a non-toxic everyday.

In spite of the fact that Nordic Ecolabelling has significant environmental benefits, it is often a challenging process for producers to achieve the certification requirements. In some cases such a process may result in high costs and a redesign of production lines. Today Unil has its Nordic Ecolabelled LilleGo' diapers and diaper pants supplied by a producer with production facilities in the Czech Republic and Belgium.

Today's LilleGo' diapers are also 20% thinner than diapers supplied by Unil earlier. This reduction leads to smaller packs and then less packaging. This will in turn result in a considerable reduction of CO2 emissions in connection with transport. We are proud of this job and the results our producer has achieved, and how we have jointly contributed to making more sustainable choices available for Norwegian consumers.

GOAL 2020

At least 50% of our non-food suppliers shall be environmentally certified.

STATUS

Well underway

39% had environmental certification in 2017.



Squeeze pouches

LilleGo' has a broad selection of fruit smoothies, fruit and veg smoothies, fruit and porridge smoothies and yoghurt smoothies. The whole range is made from 100% ecological raw materials and is specially adapted to children's small and sensitive stomachs.



Cotton swabs

Our cotton swabs are made of ecological cotton with FSC certified carton swabs.



Approximately 60,000 babies are born in Norway every year.

Altogether they use
109 500 000
diapers

in the first year of their lives

If you choose Nordic Ecolabelled diapers, you choose a reduced climate impact, sustainable use of resources and a non-toxic everyday.

The Nordic Ecolabel

The official Nordic Ecolabel. This label is connected with environmental requirements to the products in a lifecycle perspective, from extraction of the raw material, during production, when in use and to the product as waste.



The FSC label

Requires that the forest operation the product comes from does not lead to deforestation, that logging is done in a controlled way and considers the needs of the local population.



The Ø label

The official Norwegian ecolabel gives a guarantee that an article has been ecologically grown.



Soy in animal and fish feeds

Unil has an indirect soy footprint

There are several challenges connected with soy production, but the risk of deforestation is particularly serious because of the increasing demand for animal and fish feeds containing soy.

As a supplier of animal products Unil has an indirect «soy footprint». Soy flour is the biggest protein source in animal and fish feeds both in Norway and globally. Norwegian consumers consume soy both through products where soy is a key ingredient, e.g. vegetable and milk-free products, and indirectly through the consumption of both meat and fish. Unfortunately the increasing soy production globally has taken place at the expense of the rainforest and other important ecosystems.

There have been significant efforts to stop the deforestation of the Brazilian rainforest. «The soy moratorium» is a voluntary agreement which commits many commercial players not to sell or buy soy grown on newly deforested rainforest areas. The tropical savannah forest of the «Cerrado» in Brazil is not part of this agreement and is today exposed to deforestation to the benefit of agricultural production, especially soy production. This poses a particular problem as the Cerrado is a unique ecosystem with an enormous biological diversity.

The Cerrado Manifesto

Stopping deforestation associated with soy production requires a global cooperation between different players. In the autumn of 2017 NorgesGruppen and 22 other global companies signed the so called *Cerrado Manifesto*. This commits NorgesGruppen to working with local and international stakeholders to stop deforestation and vegetation loss associated with the production of agricultural goods in the Cerrado region.

Our «soy footprint»

Most of our products of animal protein have their origin in Norway. The Norwegian feed concentrate business mainly imports sustainable soy certified according to the ProTerra standard. Today we know little about the use of soy in feeds among our foreign suppliers. This means that our potential «soy footprint» is primarily linked to our products of imported animal raw material.

Our «soy footprint» can partly be balanced by buying so called soy certificates, which support the production of sustainable RTRS certified soy. In 2017 Unil bought a total of 773 such soy certificates. The number of certificates bought is based on the number of tons of imported animal protein. Further, RTRS is a supporter of the «Cerrado Manifesto», and Unil bought soy certificates helping farmers in the exposed Cerrado region.

By buying such soy certificates we want to support sustainable production of soy and as such contribute to increased availability of sustainable soy in the market. By doing this we have taken a step in the right direction, but we recognise that there is still a job to be done.

Now we will focus on mapping to what extent our foreign suppliers use sustainable soy based feeds. This mapping is essential to be able to strengthen our efforts to achieve a deforestation free value chain.

GOAL 2018

All our brands, where it is not possible to remove palm oil, shall have certified palm oil (RSPO "Segregated" or "IP" certified).

STATUS

Well underway

At the end of 2017 we had 29 products with palm oil, of which 55% were certified (RSPO "Segregated" and/or Mass Balance).

The Cerrado in Brazil

- The Cerrado is a vast savannah region which spans several states in Brazil.
- The region has an enormous biological diversity and is the home of about 5% of the world's biodiversity.
- The Cerrado is with its many trees with deep roots an essential «CO₂ catcher».



NO TO DEFORESTATION

– a holistic approach

We follow NorgesGruppen's policy for a deforestation free value chain, which came into force in June 2017. This means to stop illegal and reckless deforestation connected with cattle farming, soy, wood and palm oil in our own value chain by 2020.

We are working systematically to remove palm oil from the few remaining products. In some cases it can be a challenge to find good palm oil replacements which will add corresponding properties and quality to the products.

In products where it is not possible to remove the palm oil, the palm oil shall, as a minimum, be certified ("RSPO Segregated" or RSPO "IP" certified). Until we can be supplied with such traceable palm oil, RSPO "Mass Balance" is a temporary solution. At the end of 2017 we had 29 products in our own brands (chocolate and non-food products) containing palm oil. 16 of these were certified according to RSPO "Segregated" and/or "Mass Balance".

We also follow the EU's Timber Regulation, which requires tracing of the timber down to the individual tree species and logging area. The use of environmental certifications like the FSC is also an important tool with regard to reducing the risk of illegal deforestation.

RTRS AND PROTERRA

The Round Table on Responsible Soy (RTRS) and the ProTerra Foundation are the most recognised organisations and certification systems promoting responsible production, processing of and trade in soy. The farms must be approved by auditors and comply with the requirements of the certification systems for sustainable production.

Unil is working to map and make sure that suppliers of soy containing products will use soy from sustainable sources. If the soy has its origin in areas where there is a high risk of deforestation, it shall be certified according to the ProTerra standard or the RTRS certification.

Environment-friendly packaging optimisation

We want to reduce our total environmental impact and support NorgesGruppen's environmental ambitions to be climate neutral. We have therefore initiated several projects linked to environment-friendly packaging optimisation.

Focusing on packaging optimisation in the form of increased fill rate, we can reduce the impact on the environment from our products. Increased fill rate implies not only less consumption of packaging, but also an improved use of transport and storage of products. For that reason we needed to map the present packaging solutions for our products.

In 2017 we conducted a thorough mapping of the fill rate of our assortment compared to the average in the industry. The results of the mapping show that Unil has an average fill rate of 52%, which is 6% higher than the average industry standard. With this as a starting point we are well underway to take the air out of the goods flow. We will now focus on increasing the fill rate of the existing portfolio and at the same time consciously work to optimise packaging solutions of new product launches.

From cans to cartons

Packaging optimisation is also about finding more environmentally friendly alternatives to the packaging material.

Cans are often a less good choice of material because the general environmental impact is higher compared with other types of material viewed in a lifecycle perspective. Unil has therefore decided not to launch new products packed in cans, and by 2022 Unil will no longer have canned goods in the assortment of its own brands.

No more canned goods

- Unil has set a new goal of removing all canned goods from its own brands by 2022.
- Potential alternatives to cans are cartons or pouch (for larger household products).
- Today Unil has 53 canned products and 14 products in Tetra cartons.

Cartons and/or pouches are often good alternatives to cans. Inter alia, in 2017 we launched Eldorado's eco-logical Passata (finely crushed tomatoes) in the «Tetra» carton. The rectangular shape of the carton is better at utilising the shelf space in the shop and the palletisation of products during transport than cans. In addition, the Tetra carton weighs on average 64% less than cans (400 g package size). Better place utilisation during transport and thinner packaging save the environment in terms of reduced CO₂ emissions. In addition, cartons are mainly made from wood and can then be FSC certified and recycled.

We will be working actively on substituting cans for cartons from now on and look for possibilities of using other environmentally friendly packaging types.



GOAL 2020

15% increase in the fill rate of our own brands in relation to the industry.

STATUS

Well underway

The 2017 mapping shows that Unil has a 6% higher fill rate than the industry average.



BEFORE

The nuts were carried from Vietnam to the USA, where they were packed. The round box gave **a lot of air** in the distribution packaging and was difficult to recycle.

NOW

The nuts are carried in bulk and packed in bags in Norway. This gives **less air** during transport, and the bag is sorted as plastic waste.

CASHEW NUTS

Cleaner packaging and less air

Unil has not always been very good at making green packaging choices. On the contrary, Eldorado unsalted cashew nuts and walnut kernels have often been held up as «worst-in-class products» with regard to packaging.

Earlier the packaging was a round box consisting of a number of different material types, which makes waste sorting difficult and as a result recycling of the packaging as well. The lid was made of plastic, the can itself of aluminium, carton and paper, which are impossible to separate, and a tear-off top of aluminium.

In 2017 the old can for the cashew nuts was replaced with a bag, which is much lighter and which consists of fewer material types. New packaging for walnut kernels will be launched in 2018. In addition, the cashew nuts were earlier collected in Vietnam, then transported to the USA where the nuts were packed in the round box and forwarded ready packed to Norway. Today we receive the nuts in bulk directly from Vietnam. In addition to achieving considerable environmental benefits by removing an entire link in the transport chain, there are also environmental benefits to be had by transporting the nuts in bulk instead of in a round box. Round packaging results in unused space and air in the cargo.

This is a «win-win» situation for us and for the environment!





Additional labelling to reduce food waste

In 2017 Unil launched a labelling in addition to the «Best before» date in order to reduce unnecessary food waste.

In February 2017 Unil launched the additional labelling of «Normally usable until» on its Kvarg products. The purpose was to contribute to less food being discarded at home with the consumers. Most foods can normally be eaten after the «Best before» date, and we therefore wanted to test the effect of adding an extra marking, which we called «Normally usable until». With this marking we wanted to inform customers of how long the product is normally «usable until». By adding a «Normally usable until» date of seven more days, the customers were informed that the Kvarg is good and safe to eat after the «Best before» date in spite of a potentially changed taste and consistency.

This communication was strengthened by encouraging consumers to «see, smell and taste» and thus trust their own senses before throwing food marked «Best before» in

the bin. The additional marking was tested and evaluated both before and after launching the Kvarg, and the results we got from the evaluation by customers in shops and a countryside survey among our Trumf customers were mostly positive. After three months of marking and no additional marketing half of the customers knew about «Normally usable until».

Further, nine out of ten answered that the difference between «Best before» and «Normally usable until» is intuitive and easy to understand.

We have continued to work on the additional labelling as one of several contributions in the fight against food waste and will proceed with this job in 2018. In February 2018 the whole industry agreed on the common wording of «Often good after», which will be found on many of Unil's products in the time to come.



GOAL 2020

We shall reduce food waste in our warehouse at Våler by at least 25%.

STATUS

Started



ROUTINES TO REDUCE FOOD WASTE

NorgesGruppen aims at cutting its food waste by 50% by 2025. Being part of NorgesGruppen, Unil is also responsible for achieving this goal. In 2017 NorgesGruppen signed a historic trade agreement relating to food waste with the purpose of contributing to the reduction of food waste in Norway. Unil's warehouse at Våler plays a particularly important role in this work in cooperation with the procurement and sales departments.

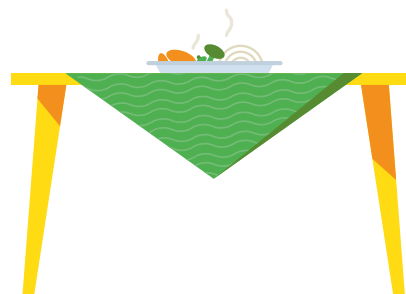
Necessary measures have been initiated, and we have developed a separate routine for reducing food waste. The routine has a very distinct sharing of responsibility between the various departments in Unil and suggests specific measures to reduce food waste. Among other things the measures include optimising the purchase processes and the flow of goods and preparing good systems for informing about short durability dates.

From Use by to Best before

In 2017 we changed, in cooperation with our supplier Fatland, the durability marking from «Use by» to «Best before» on a number of First Price and Folkets meat products. The purpose was to limit unnecessary waste of perfectly edible products. Whereas the «Best before» date indicates the durability of food in an unopened packaging, without losing quality or other specific properties, the term «Use by» is put on easily perishable goods.

A few years ago, Nortura led the way by changing the date marking from «Use by» to «Best before» on categories such as egg, beef, sliced cured ham and mutton ribs. Some of the reason for this was that some foods which had earlier been regarded as easily perishable can preserve their quality longer because of today's technological solutions, production hygiene, packing technology and packaging quality. As an extension of our work to reduce food waste we found it natural to follow Nortura's initiative, and we have therefore changed the labelling on the same product categories as Nortura.

I 2017 Unil gave food equal to
80,000 meals
to Matsentralen.



Matsentralen is a charitable association which fights food waste and helps people who need community and food, the Norwegian equivalent of a Food Bank.

E-learning for workers in the value chain

Our experience shows that there are varying degrees of competence with regard to routines for more ethical and sustainable production, and many suppliers often do not have the tools to provide decent workplaces.

Unil is working holistically to disclose and improve working conditions in its value chains and requires, among other things, social audits of production places in defined risk countries. In 2017 Unil signed an agreement with QuizRR with the purpose of promoting learning and improved competence. QuizRR offers an innovative electronic training tool where training takes place using tablets. Training consists of short films with adapted content and language. The films are followed by multiple choice quiz questions, which ensures active learning.

QuizRR implemented in a candle factory in China

In the course of 2017 Unil, as the only representative of the Norwegian grocery industry and in cooperation with IEH, performed a pilot of QuizRR's module for «Worker Engagement», which focuses on improving the dialogue and participation in the workplace. This project was implemented in a candle factory in China. 99 women og

- QuizRR is a Swedish company, established in 2013 with offices in both Stockholm and Hong Kong
- E-learning tool for factories on how to secure a responsible place of work
- All results are posted on the net based QuizRR portal
- Offers three modules: "Rights and responsibilities", "Worker Engagement" and "Wage Management"



61 men completed the training programme through a total of 579 training sessions. In this way both workers, intermediate managers and managers in the candle factory learnt more about workers' representation, participation in trade unions, dialogues and administration of complaints. Unil will continue to work on QuizRR in the time to come and invite other producers in China to participate.

GOAL 2020

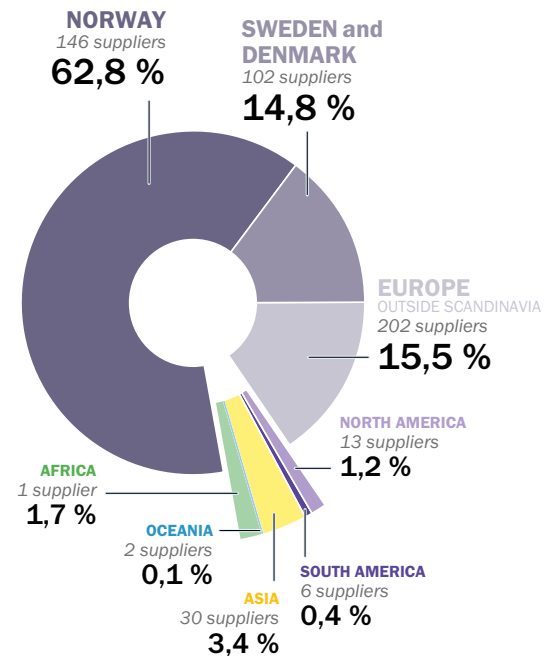
We shall make sure that all our suppliers in risk countries are registered in BSCI (and/or Sedex).

STATUS

Well underway

47% of our suppliers are registered in BSCI (and/or Sedex).

PRODUCTS FROM ALL CONTINENTS



The chart shows distribution in terms of percent of the purchase value and the number of suppliers from each continent in 2017.

We have partly very complex value chains. We have more than 500 suppliers from many different countries, and our suppliers have in turn a lot of producers and sub-suppliers. Some production places constitute a higher risk than others with regard to potential breaches of human rights and employees' rights. In these cases extra follow-up of the working conditions is required, for example through the regulatory framework Amfori BSCI.

COMMON ETHICAL FRAMEWORK

The member association of BSCI (Business Social Compliance Initia-



tive), which Unil is a member of, has recently changed its name to Amfori BSCI. Through our membership we are committed to implementing Amfori BSCI's «Code of Conduct» in all business processes and with producers in defined risk countries. Producers who are registered with Amfori BSCI, commit themselves to accepting independent third-party auditing of their working conditions.

Migrant issues in Thailand's food industry

In our sustainability report for 2016 we talked about challenges associated with the exploitation of migrant workers among our producers in Thailand. The exploitation of migrant workers from for example Myanmar, Cambodia, Laos and Vietnam is a persistent problem in Thailand's food industry. For that reason Unil has initiated specific measures aiming to reduce the risk of such exploitation.

In 2017 Unil, together with 13 other Nordic grocery industry players, supported the start-up and development of a brand new customised training module in QuizRR, which deals with ethical recruitment in the Thai food industry. This module will be implemented in two factories in Thailand in the autumn of 2018.

In the spring of 2017 several of Unil's producers in Thailand also participated in a comprehensive training programme relating to responsible recruitment led by The Foreign Trade Association (FTA)/Amfori. The training programme had a special focus on training managers, HR personnel and staffing agencies in order to secure a proper recruitment practice.



Working
conditions

Unil now supplies only Fairtrade labelled tea!

In the autumn of 2017 our First Price Earl Grey tea was certified as the last tea in our range, and we are proud of saying that 100% of our teas now comply with the Fairtrade requirements and thus carry their label.

For several reasons tea is a risk product as tea production is associated with many challenges, among them child labour, forced labour, low wages and a high consumption of insecticides. By using certifications and labelling systems such as Fairtrade we want to reduce the risk of serious breaches of employees' rights and at the same time make it easier for consumers to choose more sustainably.

The tea Unil buys comes from plantations in India and Sri Lanka. For these plantations the Fairtrade certification means that all workers will have permanent contract and working conditions which comply with ILO's (the International Labour Organisation) core conventions, in addition

to many other requirements for safe, secure and good working conditions. The workers shall have at least the national minimum wage and the right to join a trade union and pursue collective wage bargaining.

Unil uses the Fairtrade system as one of more measures to ensure a sustainable value chain, and we continuously assess the need for certifying various product categories. Unil's goal is also to increase the sale of our products with sustainability certifications. The Fairtrade label, but also other labelling systems for fair trade, such as UTZ, will be a natural part of maintaining this goal.

GOAL 2020

We shall increase the sale of ethically and environmentally certified products by 20%.

STATUS

Well underway

In 2017 Unil's share of NorgesGruppen's sale of products with sustainability certification was 15% on average.

Fairtrade

Fairtrade is an international labelling system which strengthens farmers and workers in poor countries through trade. By the demand for higher commodity payment, fixed minimum prices, more secure working conditions and protection of the environment, production and trade according to the Fairtrade standards contribute to a more sustainable agriculture and better lives for farmers and workers both in Africa, Asia and Latin America.



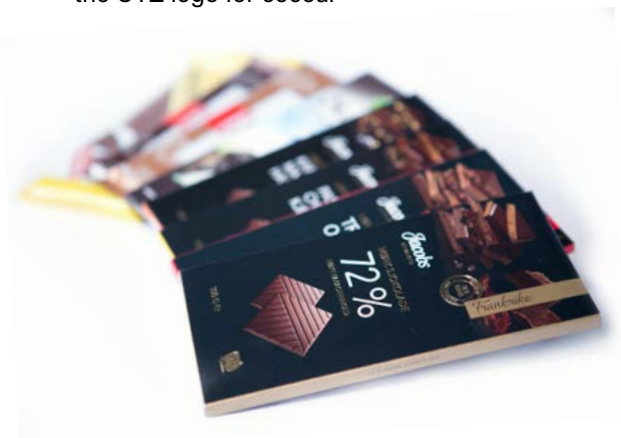
Today climate change is one of the major global challenges and affects many countries in southern regions, where a lot of the world's food is grown. Small scale farmers are dependent upon receiving a decent payment for their crops, which makes it possible for them to invest in measures which protect the agriculture against climate change and reduce environmental damage and climate emissions.

UTZ

Unil also supports UTZ, which is another labelling system for fair trade. In order to be UTZ certified the production must comply with requirements for social conditions (child labour for example is not allowed), the environment as well as agricultural and business practices.



The UTZ system includes several types of commodities, but this certification is most prominent with regard to cocoa. Unil uses UTZ certified cocoa in many chocolate products. Today all our chocolate bars are marked with the UTZ logo for cocoa.





Good results in the project for small scale farmers in Namibia

Today Unil imports beef from Namibia and is thus an important player when it comes to achieving a sustainable export of beef not only from Namibia to Norway, but also from Namibia to EU countries.

In 2016 Unil started a project together with the Meatco Foundation, where the purpose is to improve the living and trade conditions for small scale cattle farmers in Namibia. The project has a time frame of 3 years and is made up of a number of subprojects. Two projects have already been completed with great success, and in 2017 it was possible to refer to several good results.

In our report for 2016 we wrote about how the first project in the village of Gam provided for access to water not only to the cattle and the local population, but also to wild animals through a separate adapted water reservoir. The water source was intended to supply 33 households with fresh and clean water, but today as many as 42 households are connected to the supply.

Positive impact on the local community

In 2017 a crush pen and auction space for cattle was completed in the village of Helena. As many as four auctions

were held in the course of the year. The auction space has also become a natural meeting point for the local population. In addition to functioning as an auction square, shops selling clothes, food and farming equipment have grown up. The square has also been used to hold information campaigns relating to HIV, AIDS and tuberculosis.

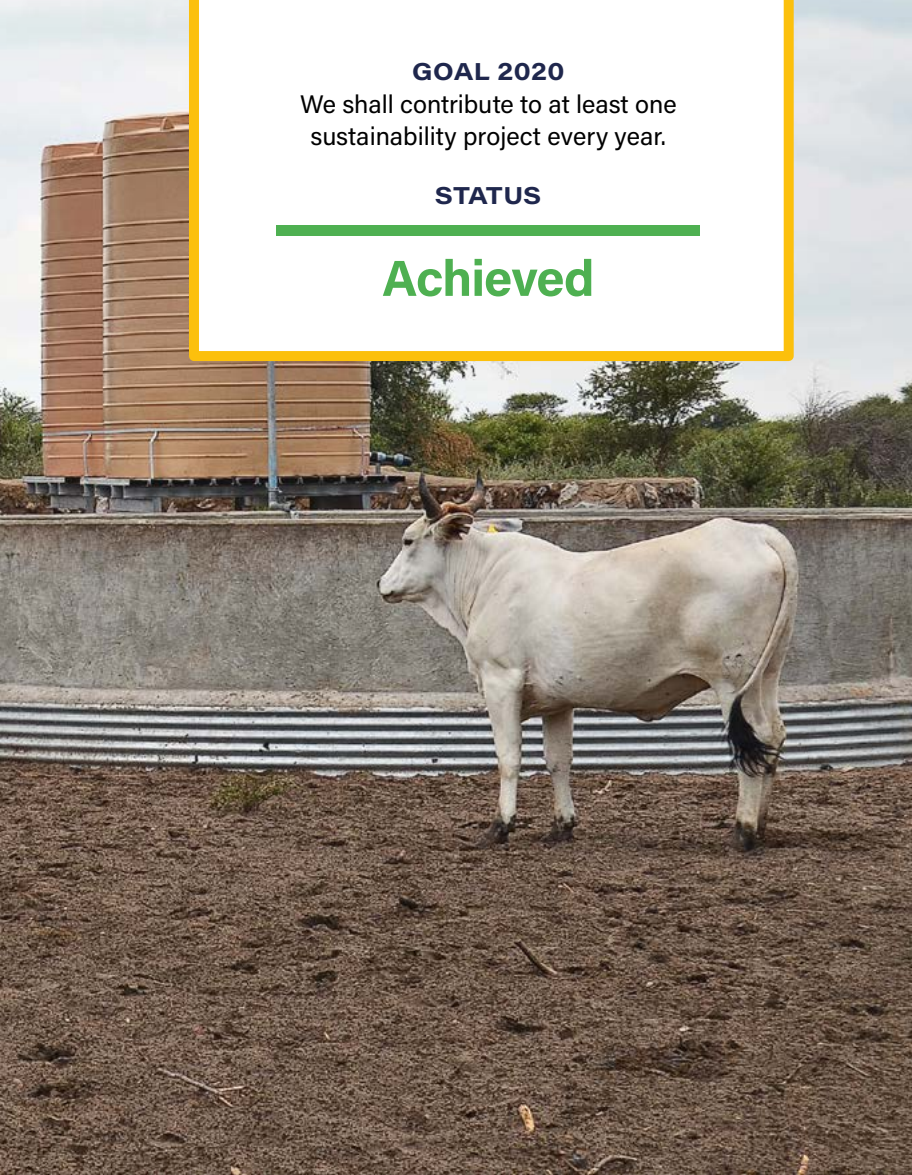
The project has had a positive impact on the local community, also in other respects. Among other things, the number of cattle in the area has increased considerably, and the theft of livestock has been reduced because of a better infrastructure and shorter distances between water supply, auction square and slaughterhouse. Shorter distances have also contributed to even better animal welfare as livestock move less to have necessary access to water and grazing land. The animals have also become more robust as a result of a stable water supply. Meatco has therefore, for the first time, in the course of 2017 been able to buy 500 animals from this area, suitable for export to the EU. The project

GOAL 2020

We shall contribute to at least one sustainability project every year.

STATUS

Achieved



has created value for the local community. The manager of Meatco Foundation has said that the investment of approximately €41,000 has given capital back to the community by providing for the sale of a total of 1010 animals. Parts of this sale are among other things used to maintain and extend the facilities for the future.

New subproject

In 2017 Unil and Meatco Foundation signed an agreement for a new subproject. In November 2017 representatives from Unil were in Namibia to mark the start of the third subproject and lay down the foundation stone in the village of Okangoho for the building of a new crush pen. This auction space will be completed in the spring of 2018. Here local small scale farmers will have access to the same facilities and possibilities as were achieved in Helena.



SUPPORTING THE CHURCH CITY MISSION

Some years ago Unil started to give away a number of foodstuffs in connection with the annual Christmas dinner in Oslo Cathedral arranged by the Church City Mission. This has become a minor tradition, and on Christmas Eve 2017 the tables were laid for 100 people. In the course of the Christmas Eve between 200 and 250 people visited the Cathedral and were served mulled wine, ginger snaps, Christmas dinner, dessert, coffee and cakes.

In addition, Unil contributed with Jacobs Utvalgte mulled wine and accessories for two Advent concerts held in Gamle Logen in December 2017. Representatives of the Church City Mission say that as a result of the Advent concerts and the financial support they get there, they are able to organise and arrange for many good and secure contact meetings between parents and children in difficult situations at Myrsnipa Samværssted, a meeting place for parents and children. In addition they are able to increase the conversation offer extended to children, young people and families through the «Robust» programme. This means that more children and young people can receive help from the Church City Mission, among other things for conflict handling.

Unil appreciates being one of several contributors to secure many fellow citizens a happy pre-Christmas period, and also to enable the Church City Mission to do its important community work.



Under water

Responsible sea fishing

Catching and producing tuna

The tuna industry is enormously big and complex, and there are many environmental and social challenges associated with catching and producing tuna. Unil is therefore continuously working to secure a more sustainable tuna in its brands.

There are many environmental and social challenges associated with catching and producing tuna. Several tuna populations are exposed to overfishing, and often the methods of catching the fish may damage the sea environment. In addition to the environmental challenges very poor working conditions for the workers on board tuna boats have also been found. Unil is therefore making extra efforts to ensure that our tuna products have been caught and produced in the proper way.

In order to visualise these efforts Unil, in 2017, signed the «Tuna 2020 Traceability Declaration» along with more than 50 leading international seafood companies. This declaration was initiated by the World Economic Forum (WEF), in cooperation with the Marine Stewardship Council (MSC), and it is supported by many national authorities and non-governmental organisations from all over the

world. By supporting this declaration we are committed to helping to stop unreported and unregulated tuna from being sent to the market, inter alia by promoting the traceability of tuna used in our brands.

MSC certified canned Eldorado tuna

Unil has already implemented a number of measures to support our commitment under the declaration, and we are well underway in our efforts to make sure that tuna products come from sustainable sources. We support the certification system for sustainable seafood, the Marine Stewardship Council (MSC). MSC certified tuna take care that proper catching methods which have a minimum environmental impact on the functioning and diversity of the ecosystem are used. Today Unil's canned Eldorado tuna are MSC certified. The certification of the Eldorado tuna is

GOAL 2020

All fish and seafood from risk areas shall be MSC or ASC certified.

STATUS

Well underway

As at the end of 2017 65% of seafood from risk areas was MSC or ASC certified.

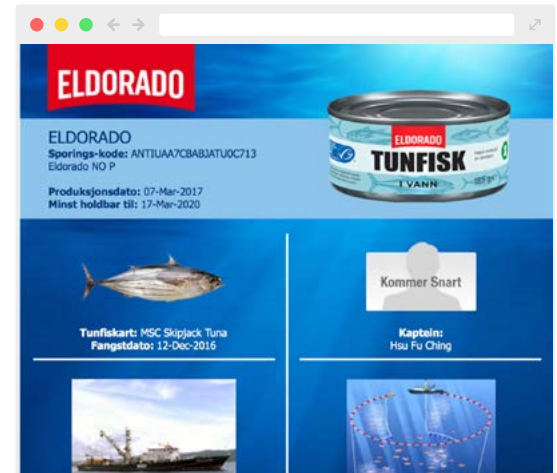


All Eldorado tuna come from sustainable sources in the Pacific Ocean.

an extension of Unil's cooperation with Pasifical – an association of eight small island states in the Pacific. Through the cooperation with Pasifical we help to make sure that these island groups gain control of and receive income from their own sea areas.

Well underway, but not there yet.

We are well underway to ensure sustainable tuna products, but we have not crossed the finishing line yet. Certifying tuna is both time and cost demanding, something that limits the availability of certified raw material and thus yields higher prices.. This has meant challenges in terms of certifying our First Price tuna, which is a low-price product. We have high ambitions and hope to overcome this challenge in the near future.



TRACE YOUR ELDORADO TUNA

Did you know that you can trace where the canned Eldorado tuna comes from, the name of the boat which caught it and even the name of the captain? In Eldorado's web site, www.eldorado.no, you will find a link to the tracing page. The tracing number can be found on the top of the tuna can.

The ASC label

The Aquaculture Stewardship Council is an environmental label for farmed fish and farmed seafood. The label guarantees that the product comes from sustainable farming.




The MSC label

The Marine Stewardship Council (MSC) label is an environmental label for fish and seafood products. The label guarantees that the product comes from sustainable fisheries.



Our goals up to 2020


Here are the goals we have set up to 2020 to support our sustainability strategy.

GOAL	STATUS 2017	COMMENT
 Health		
25% Unil's share of NorgesGruppen's total sale in categories relevant for Keyhole labelling shall be 25%.	23%	WELL UNDERWAY. In 2017 our market share in categories where there are Keyholes was 23%. We are ambitious and have updated the goal from 10%.
3% per year We shall have a 3% increased sale of fish and seafood from our own brands.	1%	NOT ACHIEVED. We have increased the sale of fish and seafood by 1% in 2017.
100% All our products shall comply with the salt requirement by 2020.	82%	WELL UNDERWAY. In 2017 82% of our own brands complied with the salt requirement.
20% We shall reduce salt by 20% through NorgesGruppen's tills.	4%	WELL UNDERWAY. In 2017 we reduced salt by 4%, which is equal to 20 tons less salt sold through NorgesGruppen's tills.
10% We shall reduce sugar by 10% through NorgesGruppen's tills.	8%	WELL UNDERWAY. In 2017 we reduced added sugar by 8%, which is equal to 977 tons less sugar sold through NorgesGruppen's tills.
5% We shall reduce saturated fat by 5% through NorgesGruppen's tills.	1%	WELL UNDERWAY. In 2017 we reduced saturated fat in everyday products by 1%, which is equal to 13 tons less saturated fat sold through NorgesGruppen's tills.
52% The share of baked goods which are coarse or extra coarse shall be more than 52%.	58%	OPPNÅDD. In 2017 the share of coarse or extra coarse baked goods was 58%.



Working conditions

100% We shall make sure that all our suppliers in risk countries are registered in BSCI (and/or Sedex).	47%	WELL UNDERWAY. Of our suppliers and producers in risk countries, 47% were registered in BSCI (and/or Sedex) at the end of 2017.
20/ year We shall perform 20 visits to suppliers per year where sustainability is the main focus.	50%	WELL UNDERWAY. Every year there will be an assessment of what suppliers it is most important to visit.

GOAL	STATUS 2017	COMMENT
 <h2>Environment</h2>		
50% At least 50% of our non-food suppliers shall be environmentally certified.	39%	WELL UNDERWAY. At the end of 2017 39% of our suppliers of non-food were environmentally certified according to ISO 14001, Eco-Lighthouse, the Nordic Ecolabel, Bra miljølvalg (Good environmental choice) and/or the Blue Angel. An increased number is mainly due to the fact that new certifications have been included.
25% We shall reduce food waste in our warehouse at Våler by at least 25%.	-	STARTED. We have mapped food waste in our warehouse at Våler and have prepared routines for work and started to reduce food waste.
20% We shall increase the sale of ethically and environmentally certified products by 20%.	15%	WELL UNDERWAY. In 2017 Unil's share of the sale of Norgesgruppen's products with sustainability certification was on average 15%. Fairtrade: 4.8%, The Nordic Ecolabel: 37.2%, MSC: 8.5%, Ecology: 13%, FSC: 9.2 %.
15% We shall have a 15% increase of fill rate of our own brands in relation to the brand/trade.	6%	WELL UNDERWAY. The 2017 mapping shows that we have an average fill rate of 52% (based on approximately 1000 grocery products). This is a 6% higher fill rate than the industry.
100% All products (beyond our own brands), where it is not possible to remove palm oil, shall have certified palm oil (RSPO "Segregated" or "IP" certified). Goals for our own brands by 2018.	42%*	WELL UNDERWAY. At the end of 2017 we had a total of 50 products containing palm oil (excluding our own brands). 21 of these are certified by RSPO "Segregated" and/or "Mass Balance". *Today we cannot guarantee that the products are certified according to at least RSPO "IP" or "Segregated" (and not Mass Balance).



Under water

100% All fish and seafood from risk areas shall be MSC or ASC certified.	65%	WELL UNDERWAY. At the end of 2017 65% of the seafood from risk areas was MSC or ASC certified.
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Cooperation

Min. 1 per year We shall contribute to at least one sustainability project per year.	2	OPPNÅDD. In 2017 we continued our cooperation with the Meatco Foundation in Namibia. We have also initiated a competence raising project through the QuizRR tool both in China and Thailand.
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Unil AS is owned by NorgesGruppen and is responsible for the development, purchase and marketing of NorgesGruppen's own brands (EMV). Inter alia our brands include Eldorado, First Price, Fiskemannen, Seidel, Fersk & Ferdig, Jacobs Utvalgte and Unik and are sold both to the grocery goods and foodservice markets. Sales in 2017 amounted to NOK7.6 billion, and the company is steadily expanding into new areas.

For more information, see www.unil.no.

