

# Sustainability from plant to brand



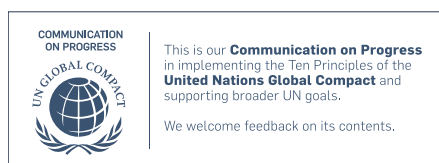
**AAK**

AAK



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President and CEO:

# Making better happen for people and planet

**The Covid-19 pandemic continues to bring challenges across the world. Looking back at 2021, we can conclude that AAK managed to deliver strong progress despite these challenges. We have stayed true to our commitments, we are playing our part in transforming the industry, and we are making a positive impact towards a more equitable, inclusive, and sustainable world.**

AAK's purpose, Making Better Happen™, guides us and brings a holistic approach to the way we think and act as an organization and how we work with sustainability. We continuously develop and strive to do even better across all of AAK and throughout the entire value chain – from plant to brand.

We drive our sustainability work within three areas: Better Sourcing, Better Operations, and Better Solutions.

## Better Sourcing

AAK works with a wide range of plant-based raw materials. The way we source them is of strategic importance to us. We work diligently to identify and mitigate sustainability risks as well as identify opportunities to make a positive impact – with the aim to develop sustainable supply chains for all our raw materials.

Palm oil is critical to feed the world and an important source of income for many people. For several years, AAK has sought to exert a positive influence on the palm oil industry, focusing on eliminating deforestation

and protecting people rights. We have clear ambitions, including that 100 percent of our palm oil shall come from suppliers who are verified not to be engaged in deforestation and who are committed to respecting human rights.

To measure progress we conduct satellite monitoring of our full palm supply base and we perform risk assessments to identify areas where issues may be more prevalent. During 2021, we increased our purchases of verified deforestation-free palm oil by 34 percent to 67 percent, and we assessed 100 percent of countries of origin to identify and create action plans on salient human rights issues.

A key raw material which also represent an important income for many people is shea. We are very proud of our Kolo Nafaso program, under which we purchase shea kernels directly from West African women. Over only four years, the program has grown from 100,000 to 353,000, living in 4,000 villages that we regularly visit. We actively engage with these women, providing pre-financing, training and education in a range of areas, including sustainable practices. Our goal is to increase the demand for solutions related to Kolo Nafaso, to ensure the long-term growth of the program and make a positive impact on the women and the livelihoods of their families. Supported by local partnerships, we have planted more than 46,000 shea trees to contribute to the restoration of shea parklands, as well as the long-term protection of the shea crop.

## Better Operations

Thanks to the strong commitment of our employees, we continued to operate with high service levels globally despite the effects of the Covid-19 pandemic. Our decentralized structure enabled agile and effective measures, and contingency plans. We managed to limit the internal spread of infection, which I am proud to say allowed us to supply the global food industry without any major interruptions during 2021. We have also managed and avoided most external disturbances in a way that has allowed us to keep our supply chain operational. In summary, we were able to cope well during an extremely difficult year.

Our recently implemented corporate values, our Better Behaviors, support the dedication that runs throughout our organization, and guide all employees in line with our purpose.

This also applies to our devoted work on resource efficiency and climate impact. We strive to reduce our use of resources, and increase our share of renewable energy. During 2020, we committed ourselves to the Science Based Targets initiative (SBTi), representing an important move that impacts our investment decisions. A few months ago, we decided on a SEK 500 million investment in two biomass boilers at our production site in Aarhus, Denmark. This initiative will reduce the site's CO<sub>2</sub> emissions by approximately 90 percent.



In 2021, our total absolute greenhouse gas emissions decreased by 5 percent, and our annual sourcing of renewable electricity increased by 50 percentage points compared to 2020. We also decreased our waste intensity and water consumption per processed unit by 18.6 and 20.9 percent, respectively.

### Better Solutions

We have an important role to play in the transformation to a sustainable food system as we provide plant-based oils and fats solutions that enable our customers to deliver better and more sustainable consumer products. Better Solutions is about developing new, valuable, and sustainable solutions together with our customers.

A good example is the solutions we provide to the fast-growing industry that focuses on plant-based alternatives to animal-based products. Here, we help our customers to raise the appeal of the end products, such as vegoburgers. With our solutions, customers can improve the taste and appearance of their products and thereby encourage more consumers to switch from animal-based products to plant-based alternatives.

Overall, the goal is to create a strong portfolio of better solutions for all our customer segments and tailor them to local markets, thereby expanding our contribution to UN's Sustainable Development Goals. During 2021, we have seen progress both for our plant-based food solutions and our solutions for sustainable candles, demonstrating a bright future for our renewable alternatives to animal- and fossil-based ingredients.

### The transformation journey

Our commitment to the UN Global Compact and our work with Agenda 2030 continue to be strong and well-integrated in our business. We are determined to follow the Science Based Target initiative and welcome the EU Taxonomy as an important step towards creating a more sustainable future.

AAK is well advanced on a journey of transformation, in which we drive positive change and impact by playing an active role in the transition from fossil- and animal-based raw materials to plant-based alternatives. We make better happen from plant to brand together with our suppliers, people, partners, and customers. This work is performed every day by dedicated people, and I want to express my sincere gratitude to all of them.

Together, we continue to build an even stronger and more sustainable AAK, with the ambition to make an even better impact on the world.

Malmö, March 2022

Johan Westman, President and CEO

# Everything we do is about Making Better Happen™

AAK specializes in plant-based oils that are the value-adding ingredients in many of the products people love to consume. We make these products better tasting, healthier, and more sustainable. We enhance their sensory experience – by giving the silkier mouthfeel in premium chocolate, the juicier texture in a plant-based burger, and the puffier appearance in a lower-fat pastry.

We can also optimize their production by substituting existing ingredients with plant-based equivalents that give better efficiency. AAK's value-adding solutions enable our customers to be successful in a better way in line with our purpose – Making Better Happen.

At the core of AAK's offer is Customer Co-Development, combining our desire to understand what better means for each customer, with the unique flexibility of our production assets, and a deep knowledge of many products and industries, including Chocolate &

Confectionery, Bakery, Dairy, Plant-based Foods, Special Nutrition, Foodservice, and Personal Care. Our 4,000 employees support our close collaboration with customers through 25 regional sales offices, 15 dedicated Customer Innovation Centers, and with the support of more than 20 production facilities.

Listed on the Nasdaq stockmarket in Stockholm and with our headquarters in Malmö, Sweden, AAK has been Making Better Happen™ for more than 150 years.

## AAK in brief



**2,312**

Volumes  
(thousand tonnes  
raw material)



**35,452**

Net sales  
(SEK million)



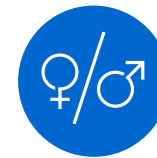
**2,089**

Operating profit  
(SEK million)



**4,013**

Average number of  
employees globally  
(at December 31, 2021)



**60**

Women on the Board  
of Directors (percent)



**0.4**

Lost Time Injury Rate  
(LTIR)

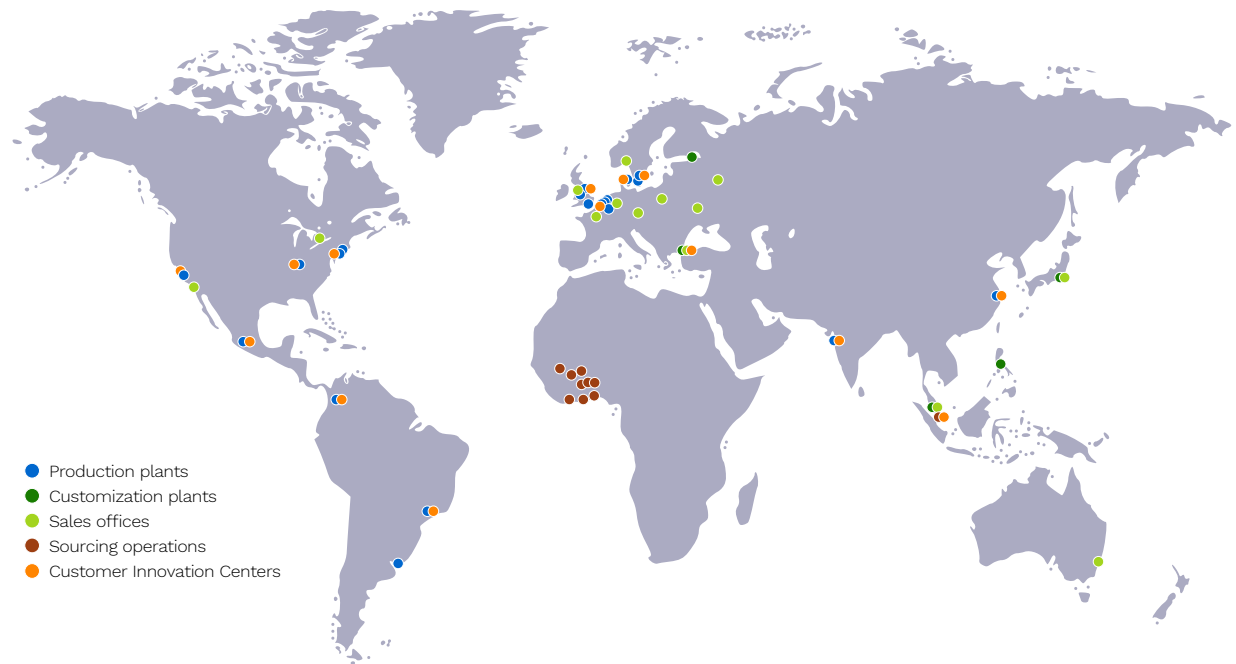
## AAK in the world

### Global coverage, local collaboration

Our customers in the food, confectionery, and cosmetics industries know that they can count on AAK to be there wherever and whenever they need us. They can rely on local support from our sales teams, production sites, and Customer Innovation Centers located in most regions of the world.

Being physically close to our customers is an essential advantage. As significant quantities of oils and fats are often required in production processes, proximity ensures shorter transportation with a lesser financial and environmental impact while also enabling a better understanding of the local needs of our customers. We are Making Better Happen™ at a country level by customizing solutions to fit with regional preferences, regulations, and trends.

AAK also has production facilities in many countries. This makes us an important employer and contributor to the local communities in which we operate. The processing activities are resource-intensive and we continuously work to minimize our environmental impact. Our sourcing also has a global base. The plant-based oils we develop for our customers are based on raw materials that originate from around the world. A significant proportion of our raw materials are



sourced from some of the world's poorest regions and communities, where oil crops provide a livelihood to millions of people. With this global reach and impact

comes a big responsibility. We at AAK acknowledge this responsibility and the role we have, contributing towards a sustainable food system.

# Our role in the value chain

**The world's population is projected to reach ten billion in 2050 and the capability to feed this growing population is only possible with a transformation to a global sustainable food system. The food sector plays a vital role when addressing how we feed the world within a safe operating space, without crossing the planet's boundaries.**

AAK's approach is to embed sustainability across our value chain from plant to brand, with the aim to contribute to the transformation towards a more sustainable food system and create value for our stakeholders.

The value chain of edible oils and fats is connected to ensuring a sustainable, affordable, and nutritious supply of food. This requires continuous efforts from all actors along the value chain. At AAK, we acknowledge that our responsibility goes far beyond our own operations, as every step towards our purpose – Making Better Happen™ – is connected to multiple stakeholders.

We therefore work to contribute to the transformation of our food systems and manage risks related to global challenges, including climate change, biodiversity, and human rights.

The illustration on the next page shows the steps involved when providing our products and solutions to the market. It demonstrates how AAK is in the middle of the value chain, sourcing multiple raw materials globally that are processed into various customer solutions. As a result, we have an important role to address opportunities and manage and mitigate risks connected to our sourcing, operations, and solutions.

Our most significant topics are represented in the colored icons connected to our three focus areas: Better Sourcing, Better Operations, and Better Solutions. The management approach is determined by opportunities and risks, alignment of priorities with key stakeholders, and our ability to exert influence and create impact. Please read more about the activities and achievements connected to these topics in the respective sections of this report, and please find an outline of the governance structure in line with our model to drive progress, the AAK House of Sustainability, in the Reporting framework section (pages 68–71).



# AAK's *role* in the *value chain*

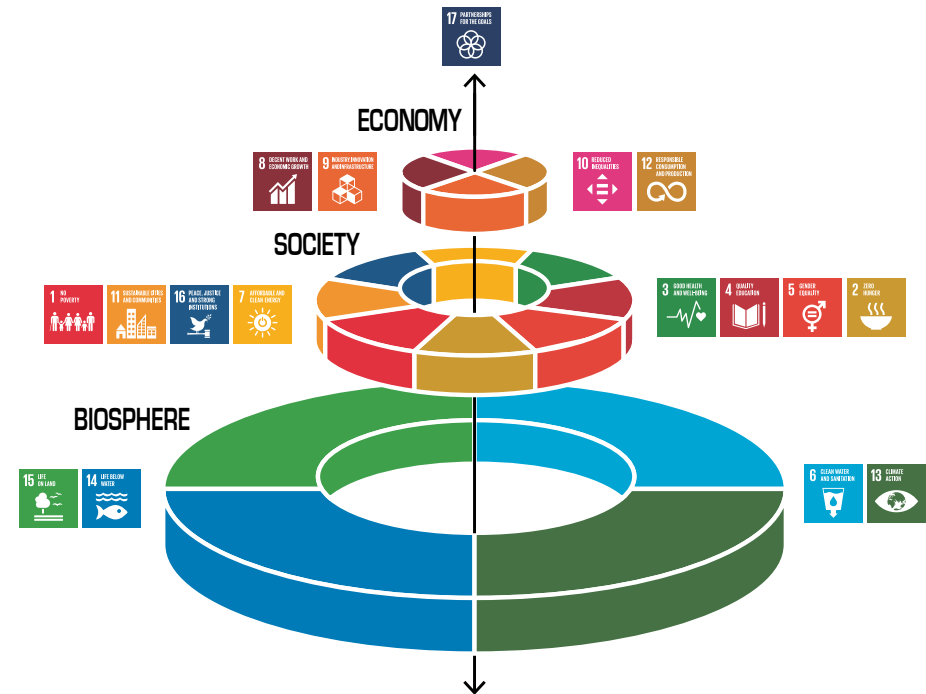


# Our contribution to tackling global challenges

As a global company, our operations and activities impact the environment and touch upon the lives of people in many countries. Therefore, we naturally have a role to play in tackling global challenges and taking responsibility for respecting planetary boundaries. These considerations are deeply embedded in our journey and have shaped our strategy for dealing with the various issues of sustainability, which we present throughout this report.

During 2020, the world entered the Decade of Action, which inspired us to further increase our focus on Agenda 2030 and our contributions to the UN Sustainable Development Goals (SDGs) and the Paris Agreement. An impact analysis in line with the SDGs framework and sub-targets was therefore conducted to assess how we can further increase our positive impact and reduce our negative impact. Based on this analysis, we defined ten business-critical SDGs that are connected to our commitments and ambitions within Better Sourcing, Better Operations, and Better Solutions (see pages 82–83).

In 2021, we explored our impact further, putting what we do in the context of the planetary boundaries, supported by the “SDG wedding cake”, illustrated to the right. The wedding cake is stating that there are some non-negotiable Sustainable Development Goals, as demonstrated in the foundation of the cake, related to the biosphere. Our previously defined business-critical SDGs exist in all three layers, with many contributions in the society layer. We recognize the significant impact we have on society and the biosphere. However, we also acknowledge the importance of and our responsibility to further strengthen our contributions towards the biosphere as a foundation for a sustainable food system and pathway for the future. The AAK climate journey on the next page outlines this pathway.

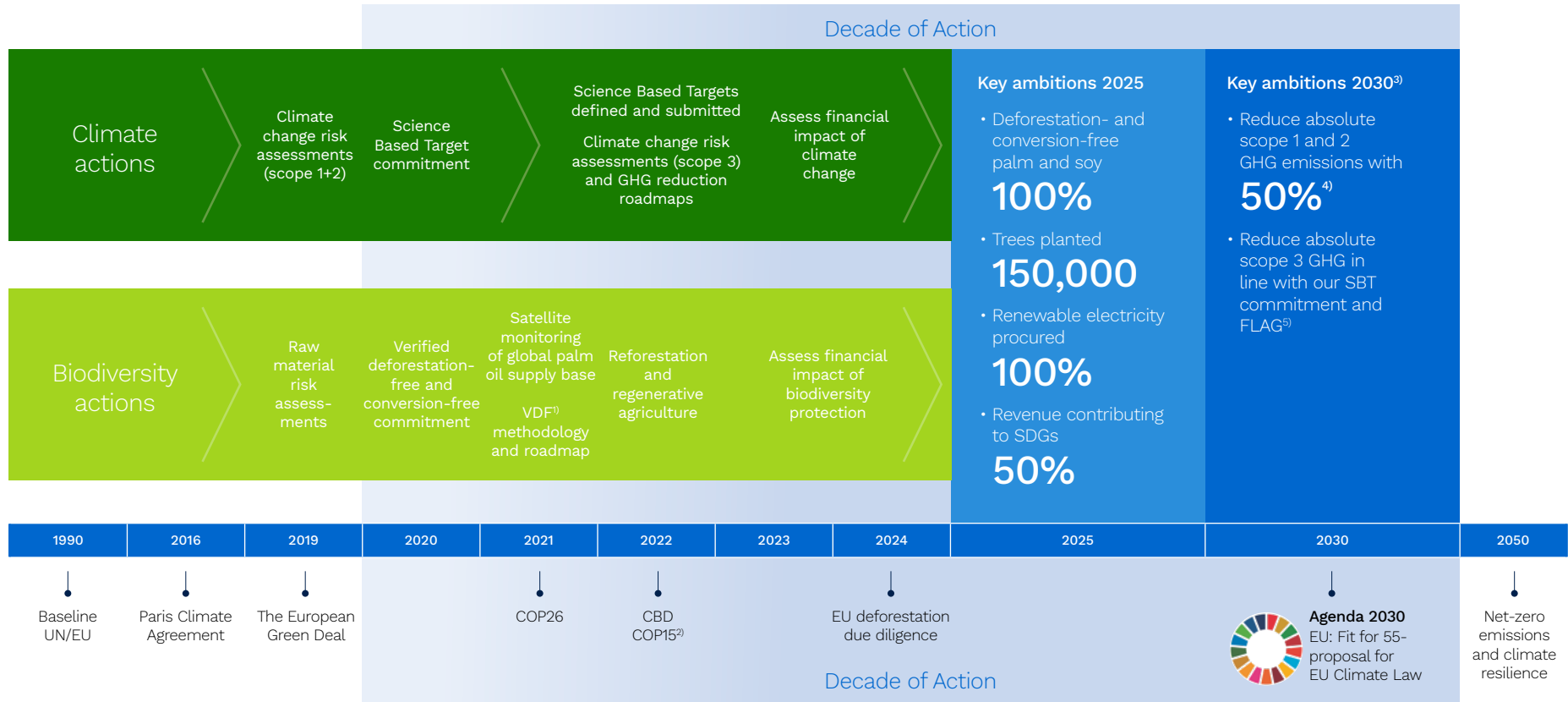


More information about our contribution to the SDGs and AAK's progress towards specific SDG sub-targets is available in our Sustainable Development Goals Progress report on [www.aak.com](http://www.aak.com)

Source: The SDG 'wedding cake'. A new way of viewing the Sustainable Development Goals and how they are all linked to food. Azote Images for Stockholm Resilience Centre, Stockholm University.



# AAK's climate journey



<sup>1)</sup> Verified deforestation-free (VDF)  
<sup>2)</sup> Convention on Biological Diversity (CBD)

<sup>3)</sup> Pending SBTi submission.  
<sup>4)</sup> From a 2019 base year.  
<sup>5)</sup> Scope 3: Embedding FLAG (Forest, Land, and Agriculture Science Based Target Setting Guidance. Required as from September 2022).

# Key progress towards our commitments



## Better *Sourcing*

### Protecting biodiversity and ecosystems

2025: **100%** verified deforestation-free palm

2025: **150,000** trees planted

**67%** (+34%\*)    **89,500** (+129%)



### Empowering smallholders and women to improve livelihoods

**Number of women** enrolled in Kolo Nafaso program

**353,000** (+2%\*)



\* Progress since 2020



# Better Operations

## Enabling the well-being of our people

Updated our values and leadership principles in line with our purpose



# 100%

of our sites Human Rights risk assessed and salient issues identified

## Minimizing our environmental impact

2025: **100%** annual sourcing of renewable electricity

# +50

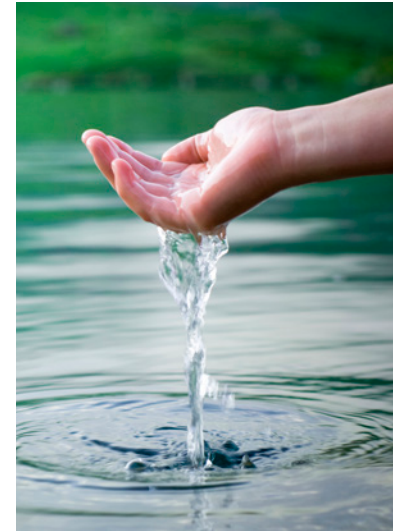
percentage points increase in annual sourcing of renewable electricity to 64% since 2020

# -18.6%

reduction in waste per unit processed material since 2020

# -20.9%

reduction water consumption per unit processed material since 2020




# Better Solutions

## Increasing the demand for better solutions

Strong growth in revenue from new solutions to the plant-based food market

# 39%



uptake of RSPO certified material

\*Trademark license number RSPO-1106005



## Enhancing sustainable development with our solutions

2025: **50%** of revenue contributing to Sustainable Development Goals

# 31%

of our revenue contributing to SDGs in 2021



# Better Sourcing

AAK is committed to sustainable sourcing, and we are well aware of the important role we play in the food value chain. Through Better Sourcing, we engage to transform and go the extra mile to implement continuous improvement programs. We constantly engage with our suppliers to ensure that progress is made and that raw materials are produced in a sustainable way, protecting biodiversity and ecosystems and reducing our environmental impact, while safeguarding human rights and people's livelihoods.

*Together, we are  
Making Better Happen*

## Our commitments and ambitions within Better Sourcing



Protecting biodiversity and ecosystems, reducing environmental impact

Read more on pages 17–21.

### Verified deforestation- and conversion-free

- 2025: 100 percent verified deforestation-free and conversion-free palm and soy supply chains

### Reforestation

- 2025: 150,000 trees planted

### Reduce greenhouse gas emissions

- 2022: Set SBT in line with FLAG guidance\*



Empowering smallholders and women to improve livelihoods

Read more on pages 22–24.

### Women and smallholders in engagement programs

- Continue to increase our impact on women and smallholders



Embedding the respect for human rights

Read more on pages 25–26.

### Human rights

- 2025: Human rights due diligence embedded across all key raw materials

\* Pending SBTi submission.

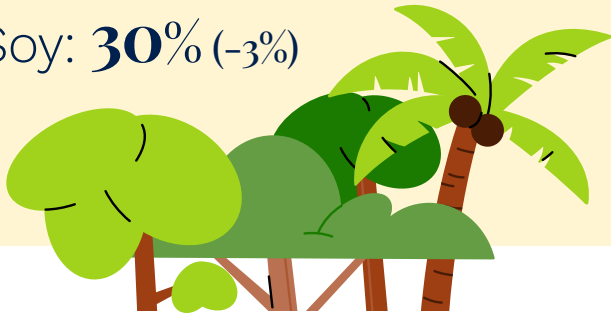
Scope 3: Embedding FLAG (Forest, Land, and Agriculture Science Based Target Setting Guidance. Required as from September 2022).

# Key progress within *Better Sourcing*

## Verified deforestation-free

Palm: **67%** (+34%)

Soy: **30%** (-3%)

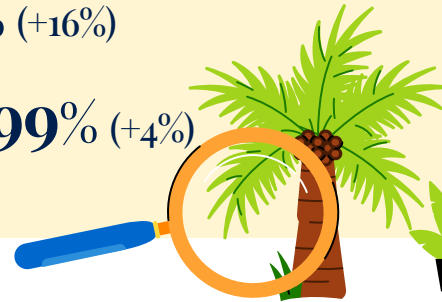


## Traceability

Shea: **100%**  
to district or to Kolo Nafaso level

Palm: **81%** (+16%)  
to plantation

Coconut: **99%** (+4%)  
to crushing plant\*



## Human rights

**100%** of key raw materials risk-assessed and mitigation plan for palm developed



## Trees and seedlings planted

Shea: **46,000** (+126%)  
Total 83,571

Coconut: **3,873** (+184%)  
Total 5,973



## Certification

RSPO palm: **39%** (+3%)

ISCC shea: **100%** (+19%)

Proterra soy: **27%** (-5%)



## Smallholder and women empowerment

Shea: **353,000** (+2%)  
Number of women part of Kolo Nafaso

Palm: **4,100**  
Number of smallholders engaged

Coconut: **150** (+85%)  
Number of smallholders Rainforest Alliance-certified

\* Excluding India

# Our Better *Sustainable Sourcing* approach





## A structured approach to progress

### Deeply understanding our supply base

We continuously map our supply chain for key raw materials in order to improve traceability and to increase our understanding of any significant risks, gaps to our policies and codes, and issues linked to countries, regions, jurisdictions, and the production systems in our supply base and farmers. These risk assessments feed into our priorities, implementation programs, and roadmaps, where we have the following traceability results:

- **Shea: 100 percent traceability to district or Kolo Nafaso (village) level**
- **Coconut: 99 percent traceability to crushing plant**
- **Palm: 81 percent traceability to plantation**

### Taking action

Our risk mitigation activities and priorities are defined in three-year roadmaps for all key raw materials. The plans describe in detail what we wish and need to focus on related to supplier engagement, farmer engagement (e.g. training and education) as well as the activities we plan to do beyond our supply base.

As a result of our previous risk assessments, we have reviewed and updated our AAK Group Policy for Responsible Sourcing of Plant-based Oils in 2021. The key changes reflect higher expectations regarding human and labor rights as well as deforestation requirements across all supply chains. The policy will be launched during the first half of 2022.



### Engaging with suppliers and smallholders

- Through assessments of our suppliers via questionnaires and supplier scorecards, we define a supplier engagement program based on the risk and the impact AAK might have from our position in the supply chain.

- We aim to increase suppliers' and farmers' understanding of and their current commitment to sustainable development. Suppliers must adhere to the AAK Group Code of Conduct for Suppliers of Raw Materials, and we require them to sign specific policies (e.g. the AAK Group Policy Sustainable Palm Oil). Our focus is to progress from signing towards full implementation, including the roadmaps and action plans suppliers have in place and how we can help to make transformation happen.
- A selected number of audits are conducted in the supply chain based on risk, performance, and priority to meet due diligence requirements as well as drive progress on AAK's Better Sourcing priorities.
- External audits are conducted by relevant auditing bodies or strategic environmental consultants related to specific certification or compliance standards (RSPO, Rainforest Alliance, ProTerra, ISCC, and Proforest).
- We have specific controls in place related to bribes and corruption via our supplier assessment process as well as assessments of suppliers based on Transparency International, audits and risk analysis/ratings.
- We have developed scorecards for palm and coconut suppliers, focusing on key risks and connected to our ambitions, mitigation programs, and plans.
- A supplier engagement platform for Latin American palm suppliers has been established.
- Supplier self-assessments have been initiated for shea suppliers as a preparation step for score cards.

- Supplier training is being done for conventional shea suppliers with a focus on no-child labor and anti-corruption requirements. West Africa has been identified as an area with an elevated risk of corruption. AAK is therefore making additional efforts in this region to implement the Group Code of Conduct for Suppliers of Raw Materials and carrying out anti-corruption training in ways that surmount linguistic and cultural challenges.

buying of the particular crop, and AAK's position in the supply base.

The four key themes we are working on across commodities – protecting biodiversity and ecosystems, reducing environmental impact, empowering smallholders and women to improve livelihoods, embedding the respect for human rights – were identified in

2020 based on industry benchmarking, materiality assessment, and stakeholder consultation. The Sankey diagram below shows how much effort and priority AAK is giving to every theme and raw material in our Better Sourcing approach. We are revisiting our priority setting to ensure our approach is aligned with due diligence requirements and stakeholder expectations.

**Driving impact beyond our supply base**

Many sustainability issues are complex and require wider transformation at a regional or landscape level, beyond AAK's supply base.

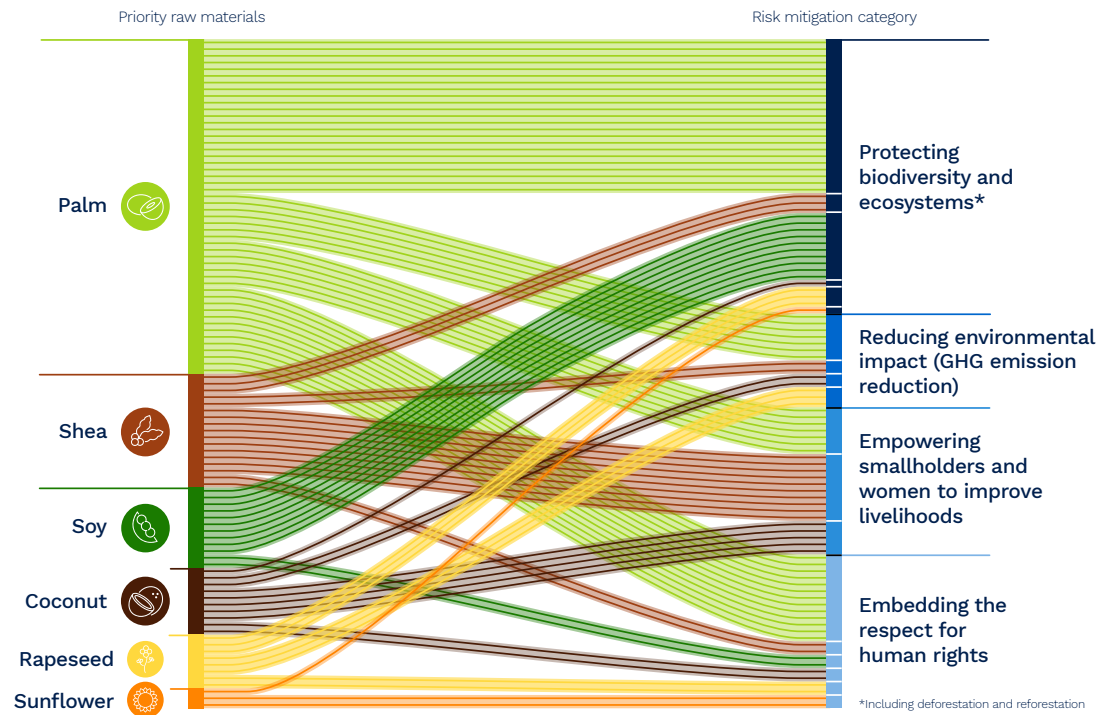
AAK is actively participating in many industry initiatives. To mention a few, AAK is a member of the Global Shea Alliance and the RSPO Board of Governors and Market Development Standing Committee, has entered into partnerships with Solidaridad, Forever Sabah, and Saha Global, as well as joined as a signatory of the Sustainable Coconut Charter.

**Assessing risks and prioritizing due diligence and risk mitigation activities**

We have developed a comprehensive overview of our supply chain risks, due diligence, and risk mitigation activities based on AAK's current ways of working. In this overview, we have included our six key raw materials and the key themes we have identified as priorities on our Better Sourcing journey.

Raw material risk ranking has been performed together with Proforest, based on generally known risks linked to the relevant agricultural commodity, volumes AAK is

**Risk and priorities in our Better Sourcing approach**



\*Including deforestation and reforestation



## Protecting biodiversity and ecosystems

Environmental concerns play a significant role in AAK's salient supply chain risks. Depending on the raw material supply chain, we focus on reducing negative impacts or contributing positively to local biodiversity and ecosystems. Below you can read about AAK's efforts to prevent deforestation, contribute to reforestation, and invest in ecosystem conservation.

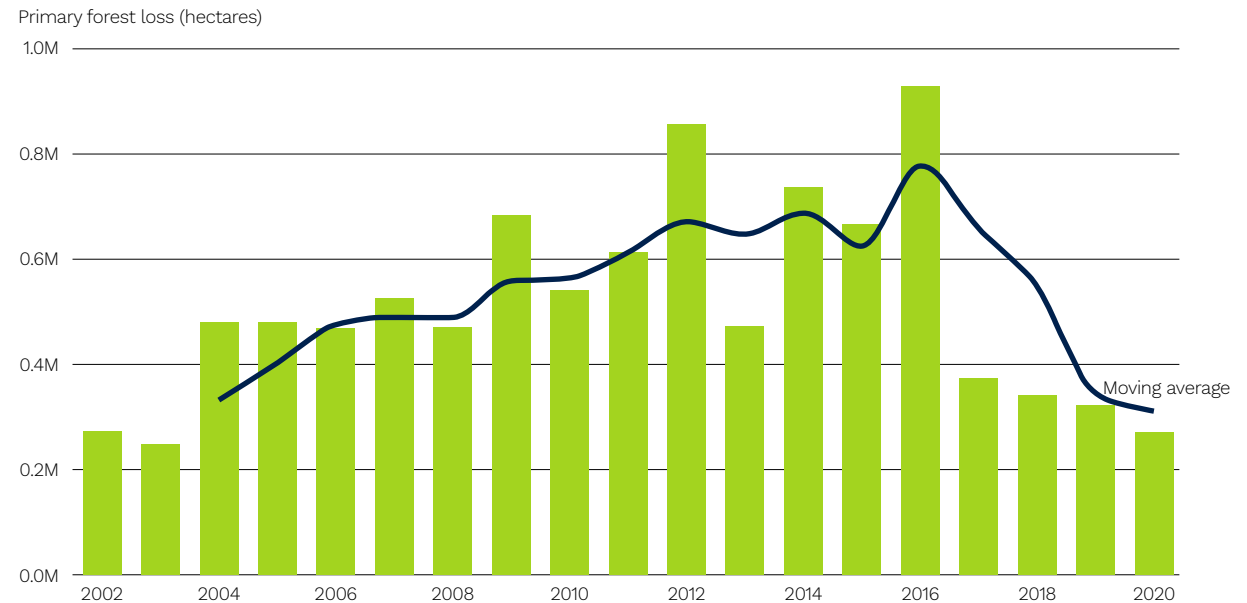
Safeguarding forests and preventing conversion of native ecosystems is crucial for biodiversity and tackling climate change. Today, deforestation accounts for 11 percent of the world's global greenhouse gas emissions, and it is one of the most severe environmental risks we face.

Deforestation is typically linked to the expansion of agricultural production, as well as pulp and paper production. This in turn is caused by an increased affluence, shifts in diet and consumer patterns, and a growing population. For AAK, primary deforestation risks are related to crops grown in tropical countries, mainly palm and soy. We work collaboratively on protection, and conservation, as well as improving yields on existing lands, and we are committed to achieving verified deforestation-free and conversion-free palm and soy supply chains by 2025.

### Palm oil and deforestation

Over recent decades, global deforestation rates have increased particularly in the tropical zones, where a substantial proportion of agricultural commodity production is concentrated. This production often also overlaps with tropical forests containing high levels of important biodiversity and has been the

### Primary forest loss in Indonesia (2002-2020)



Global Primary Forest Loss in Indonesia (2002-2020)  
University of Maryland and World Resources Institute – accessed through Global Forest Watch.  
Available on 11/02/2022 at: [www.globalforestwatch.org](http://www.globalforestwatch.org)

major driver of deforestation. Preventing further deforestation and forest degradation is critical to preserving this biodiversity.

Despite the rural development opportunities it provides, palm oil has been one of the commodities historically responsible for tropical deforestation, most notably in Southeast Asia. Oil palm plantation

expansion in the region began in earnest in the 1960s and accelerated rapidly throughout the remainder of the 20th century.

As the trend continued into this century, concerns about its negative impact on forests and biodiversity triggered a shift towards responsible palm production and sustainable sourcing, first through the creation



of the Roundtable on Sustainable Palm Oil (RSPO), and later in the form of company NDPE policies (No Deforestation, No Peat, and No Exploitation). Although deforestation has not yet been eliminated from palm oil supply chains, the collaborative efforts in the sector have resulted in significant positive change. Many companies launched NDPE policies around 2015, and data from the World Resources Institute show that deforestation in Indonesia, the world's largest producer of palm oil, has decreased since then.

Despite this encouraging trend, there is no room for complacency. The industry and all stakeholders involved must drive deforestation rates down to zero. AAK has increased its verified deforestation-free volumes by 34 percent since 2020.

**Preventing deforestation – the challenges ahead**

Key to preventing deforestation is to have full traceability of where oil palms are grown. Without understanding where the fresh fruit bunches (FFB) supplying the palm oil mills come from, it cannot be determined whether production is linked to deforestation. This is known as traceability to plantation (TTP). Palm oil supply chains are notoriously complex, with an estimated 2,000 mills globally supplied by a mix of plantations, third-party estates, and, crucially, smallholders, who contribute about 40 percent of FFB globally.

Through increased transparency, collaboration, and data sharing, the industry has made significant efforts to increase TTP. AAK's own TTP has increased from 28 percent in 2018 to 81 percent in 2021, which is on track with our commitment of 100 percent TTP by 2025.

Oil palms can be grown both within concessions designated by governments and outside of them. Much of the TTP progress made so far has been down to obtaining access to maps of concession areas operated by larger companies. We monitor these concessions through our satellite monitoring service providers Earthqualizer and Satelligence, who provide us with biweekly reports, pinpointing any potential deforestation events that we then investigate with our direct suppliers. The lack of TTP is generally due to smallholders operating on a much smaller scale outside of known concession boundaries.

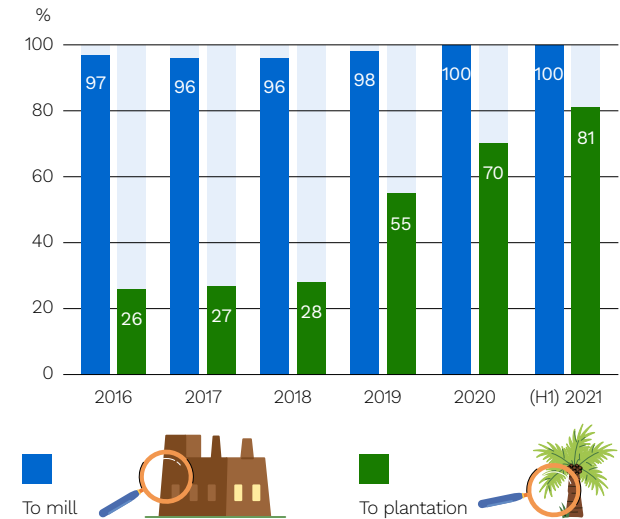
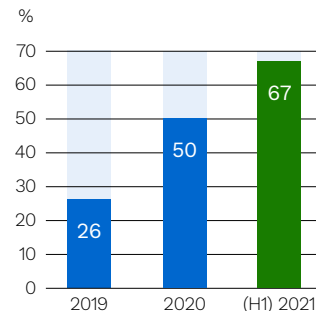
**Closing the traceability gap**

To accelerate progress and close our remaining gap of 19 percent, AAK is working in two ways. Supported by our partner Proforest, we are adopting a risk-calibrated

approach to TTP. This involves analyzing where the highest deforestation risk is, mapping smallholders to the smallest administrative unit, usually villages, and prioritizing these places and the stakeholders that operate in them for engagement on deforestation prevention. This contrasts with the more traditional smallholder mapping approach that does not consider environmental risk. By working in this way, we expect to address deforestation risk more rapidly and thereby have a greater impact.

**+16%** traceability to plantation

**+34%** Verified deforestation-free  
**96%** Verified deforestation-free inside concessions





Our second approach to close the TTP gap is by engaging with FFB dealers or agents. These stakeholders are effectively middlemen, who provide an important service to smallholders by transporting FFB to mills. However, this arrangement can pose challenges when establishing full TTP, as some dealers may be reluctant to disclose their sources due to commercial sensitivity. Again, with the support of Proforest, AAK runs a program of engagement with dealers through key tier 1 supplier refineries to increase transparency and subsequently TTP, and to provide support on effective NDPE implementation.

Both activities begin with a selection of priority suppliers and mills, with the aim of upscaling the activities to all relevant areas of the supply base to meet our 2025 TTP and VDF targets.

### Reforestation in West Africa

AAK's ambition is to nurture shea trees that will provide a decent income to shea-collecting women in West Africa. Our journey started in 2019, with small-scale planting activities. At the time, efforts focused mainly on developing best practices, given that planting – and growing – shea trees is not easy.

We have consistently scaled up our efforts. With 4,700 trees planted in 2019, and 32,270 in 2020, we reached more than 46,000 trees planted in 2021. This is in line with our commitment to plant more than 150,000 trees by the end of the shea season 2024/2025, and we have currently achieved 56 percent of this ambition. We furthermore continue to improve the survival rate of the trees we have planted, and utilize a newly established monitoring system to track our achievements.



Contributes to:



Sustainability Report 2021

The commitment of the communities to participate in the planting process and learn the techniques is one of the key success factors.

### Ecosystem conservation

We contribute to ecosystem conservation through our five-year partnership with CNSF (National Forest Seed Center of Burkina Faso). The partnership will significantly strengthen research on shea and enable a sustainable conservation of the genetic diversity of the shea tree, while making it economically more viable for local communities.

As one of the biggest producers of speciality shea-based solutions globally, AAK is committed to the conservation and restoration of shea parklands, both by actively encouraging and engaging in tree-planting as well as by creating economic value from the shea tree and its products.

“With this partnership, AAK is taking its commitment to create local economic value to the next level, by developing high-yielding and well-adapted seedlings which can be planted out by the local communities we work with in Burkina Faso and other West African countries”, says Karsten Nielsen, AAK's Chief Technology Officer.



## Reducing environmental impact

### Reducing environmental impact by decarbonizing our supply chains has been a focus area for AAK in 2021.

After having signed the Science Based Targets initiative (SBTi) commitment letter in 2020, our focus during 2021 has been to set science-based targets for scope 1, 2 and 3 with the purpose of driving the reduction of GHG emissions consistent with keeping global warming to 1.5°C above pre-industrial levels.

AAK is committed to set Science Based Target according to the FLAG guidance during 2022. Our scope 3 screening<sup>1)</sup> showed that purchased goods and services account for about 95 percent of the emissions in our supply chain. The key raw materials included in the assessment were palm, palm kernel, coconut, and rapeseed, which together with inbound and outbound transports cover 80 percent of the emissions in our upstream supply chain.

### Emissions reduction in the supply chain

Emissions reduction within an upstream supply chain requires joint efforts by all supply chain partners, especially if supply chains originate from small-holder farms. In 2021, AAK therefore partnered with customers, suppliers, and non-profit organizations to explore and scale up resource efficiency measures in our supply chains.



To stop germination after harvest, shea nuts require boiling, which is traditionally done over open fires. Therefore, post-harvest processes have been identified as one of the CO<sub>2</sub> hotspots in the shea supply chain. One way of effectively reducing CO<sub>2</sub> emissions in the shea supply chain is the construction of improved stoves – or rocket stoves. The stoves come with a proven track record of effectively reducing GHG emissions during the post-harvest processes. Moreover, by reducing wood consumption in household cooking, the stoves may also improve the health and safety of women and children due to less burns and smoke inhalation. Rocket stoves are estimated to reduce the CO<sub>2</sub> emissions generated during the boiling stage by 35-65 percent compared to traditional cooking methods.

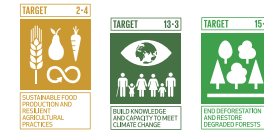
AAK has partnered with customers to scale up rocket stove construction within our Kolo Nafaso program, and together we have managed to train more than 17,000 women in construction techniques since the 2016/2017 season. With more than 10,000 women trained during the 2020/2021 season, we achieved a 140 percent increase compared to the previous season.

### Deforestation-free impact

Achieving 100 percent verified deforestation-free (VDF) palm<sup>2)</sup> by 2025 is a central commitment for AAK and we provide information on our progress regularly via our website. A detailed description of VDF is available in the section on biodiversity and ecosystem conservation.

<sup>1)</sup> Details on our scope 3 screening can be found on page 65.

<sup>2)</sup> VDF is a metric based on traceability to plantation data, deforestation satellite monitoring data, and other variables that determine whether palm volumes can be considered deforestation-free according to our policy definition.



Eliminating deforestation has a number of positive impacts. As forests provide crucial ecosystem services, such as rainfall generation, water retention, and filtration, they ensure the availability of better-quality water to local communities. Moreover, forests are a

major sink of CO<sub>2</sub>, sequestering carbon that would otherwise contribute to global heating. Last but not least, they are also a major reservoir of biodiversity, which is a crucial condition for the continued health of ecosystems.

The importance of forests has long been recognized and their role in climate change mitigation was reinforced in 2021 by the commitment of world leaders at COP26 to halt and reverse forest loss and land degradation by 2030.





## Improving women's and smallholders' livelihoods

**Millions of farmers and families are dependent on agriculture in their day-to-day living. According to the World Business Council for Sustainable Development (WBCSD), 80 percent of the world's food is grown by 85 percent of the world's farmers, on farms with less than two hectares.**

For AAK, smallholders and women in particular play a critical role across our supply chains:

- About 40 percent of the global production of palm oil is produced by smallholders in Indonesia and Malaysia
- Shea kernels are collected by women in the shea belt located in West Africa
- Coconut production is a family business

An important part of our sustainability work is aimed at empowering smallholders to improve their livelihoods and well-being, and we believe they have an important role to play in helping to meet the growing demand for plant-based oils.

As a result, we are investing in training programs and partnerships with NGOs, industry partners, and suppliers across many different regions, as well as through our own extension officers into local villages.

These trainings and partnerships play a key role in managing the risks that are linked to smallholder-based supply chains. As smallholders need to be considered individual business partners that are not organized in cooperatives or part of larger

agri-businesses, compliance with standards, codes, and minimum requirements are more challenging to guarantee. But, engaging smallholders on key compliance topics is considered especially important within AAK, so that we ensure that they are not excluded from global supply chains and market linkages.

### Smallholder empowerment in palm

#### *Our partnership with Solidaridad – capacity-building and training in Mexico*

Since 2018, AAK has supported Solidaridad in a project to strengthen the capacity of three social agroindustries located in Chiapas, Mexico. Specifically, Solidaridad has helped strengthen the capacity and technical teams of these enterprises to implement good agricultural practices and key sustainability criteria based on the RSPO standard. The capacity-building approach ensures that long-term sustainability outcomes can be delivered through further training provided by the technical teams to the producers themselves. These interventions have allowed significant improvements in productivity, FFB quality, processing, and in mill operations.

The companies in the program have demonstrated impressive production growth:

- A 19.7 percent increase in fresh fruit production per hectare
- A 65 percent increase in crude palm oil production

In addition, during the first phase of the partnership, the three social agroindustries achieved the following results:

- Established connections between the companies for dialogue, solutions management, and joint agreements for sustainability
- Improved corporate management of the processing plants of each respective company
- Developed and implemented Standard Operations Manuals at each mill
- Increased capacity and knowledge for sustainable palm production for technical teams through Farmer Field Schools
- Strengthened capacities in good management and processing practices at each mill
- Improved understanding of the RSPO producer standard (the Principles & Criteria) and implementation capacity at each mill

To continue the positive impact of this work, AAK has renewed the partnership with Solidaridad. The focus will shift to building on the improvements made in good agricultural practices, and to measure the positive impacts on the farmers from a socioeconomic perspective.





*Our partnership with Musim Mas/Nestlé  
– addressing deforestation in Aceh, Indonesia*

In September 2021, AAK initiated a partnership with Musim Mas and Nestlé to establish a five-year program to address deforestation outside of palm oil concession areas in Aceh, Indonesia. Aceh is a priority landscape as 87 percent of the Leuser Ecosystem – a protected area important for both biodiversity and carbon storage – lies within the province. AAK and Nestlé are initially providing funding for the first two years of the program. Smallholders will be enrolled into Musim Mas' smallholder program. In a "train the trainer" approach, government extension officers will also be trained in good agricultural practices and NDPE (No Deforestation, No Peat, and No Exploitation) for the purpose of training oil palm smallholders.

The five-year program is expected to positively impact some 1,000 independent smallholders through increased yields and earnings, while also reducing the incentive to encroach into protected areas as a way of increasing income. As most of the deforestation in Aceh occurs outside plantation concession areas, these types of programs are vital, and we look forward to report on its outcomes.

*Our partnership with Forever Sabah  
– promoting RSPO certification in Malaysia*

Forever Sabah is an NGO with the aim to work with independent smallholders in the Malaysian state of Sabah to achieve RSPO certification. AAK has been supporting the initiative since 2019. Due to the nature of the work (visiting smallholders, providing training,

and preparing them for certification audits), progress slowed down as a result of Covid-19 restrictions during the year. Nonetheless, work on smallholder mapping, data collection, and farm surveys have progressed in the districts of Telupid, Tongod, and Beluran, resulting in that over 200 smallholders are now prepared for a certification audit to be conducted in February 2022. The challenges posed by Covid-19 have only served to strengthen our commitment to support this initiative.

"The way that AAK has provided flexible and consistent support over the last five years has been transformative for Forever Sabah's field teams as they train and support our state's indigenous oil palm smallholders to enable them to meet RSPO's sustainable production standards while advancing their land rights and productivity."

– *Cynthia Ong, CEO Forever Sabah*



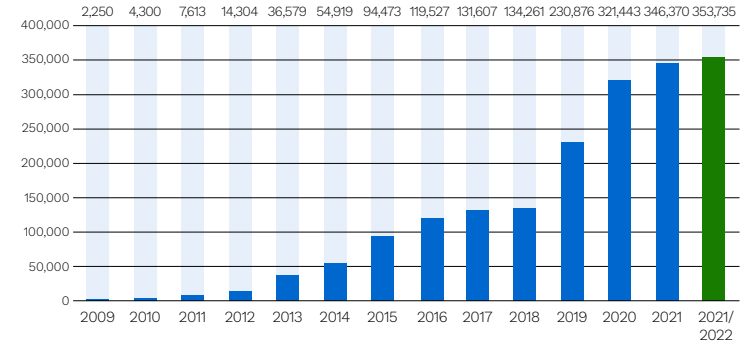
## Smallholder empowerment in shea – Kolo Nafaso

Kolo Nafaso is AAK’s verified shea sustainability program focusing on:

- poverty alleviation,
  - women empowerment,
- through direct trade, interest free micro-credits, and training.

## Engaging with suppliers and farmers

Number of women enrolled



During 2021, the focus for Kolo Nafaso has been to further strengthen its impact. The main developments over the past season have been:

- 100 percent traceability to program level achieved – fully verified by Proforest.
- More than 350,000 women enrolled in Kolo Nafaso, an increase by 2 percent since July 2021.
- 40 percent of the women’s groups have received training on how to maximize the quality and resource efficiency of their shea kernels. This represents a 23 percentage point improvement since last reporting in July 2021, and is in line with our target to have trained 100 percent of all groups by the end of June 2024.
- Together with Saha Global, our partner on clean water solutions, we have opened our first three water treatment units in Kolo Nafaso communities in Ghana.

## Additional highlights for Kolo Nafaso in 2021

In 2021, AAK entered into a ten-year sustainable shea partnership together with Mars, USAID, CARE International, the Livelihoods Fund for Family Farming (L3F), and Presbyterian Agricultural Services (PAS). The public-private partnership will empower 13,000 women by building a sustainable shea supply chain in northern Ghana, further developing Kolo Nafaso.

The Women in Shea partnership (WISH) officially kicked off in 2021 by engaging first communities on several efforts. This included establishing Village Savings & Loans Associations (VSLA), sustainable farming activities, providing training on shea kernel processing, and supporting construction of improved cook stoves. The project also launched a pilot to alleviate some of the challenges associated with women transporting heavy shea loads to their homes. Each of these interventions are designed to have positive economic, social, and environmental impacts within the parkland areas where the shea is sourced.

The first-year implementation targets were built on the premise of starting small, noting challenges, and making improvements before scaling up to reach the 150+ communities within the operational area.

## Smallholder empowerment in coconut – scaling up Rainforest Alliance certification

As a signatory member of the Sustainable Coconut Charter, AAK has identified tools to achieve compliance with the charter’s requirements for our coconut supply chains. One such tool is the Rainforest Alliance certification, which provides an effective way of empowering smallholders, ensuring traceability and transparency, building capacity on good agricultural practices as well as meeting the charter’s requirements.

In 2021, AAK increased the number of Rainforest Alliance-certified smallholders engaged in our supply base from 81 to 150, which represents an increase of 85 percent. We are furthermore working on encouraging Rainforest Alliance-certified coconut oil market uptake to ensure a market outlet for our upstream supply chain partners so they will further expand the program to more smallholder farmers.



## Embedding human rights

Our guiding principles for sustainable sourcing form the foundation of the AAK Group Policy for Responsible Sourcing of Plant-based Oils, and the AAK Group Code of Conduct for Suppliers of Raw Materials.

AAK is working with experts to improve our human rights due diligence, monitoring, and remediation throughout our raw material supply chains. We expect to make further progress with other industry stakeholders to improve working and living conditions for all people across the supply chains. We believe that where systemic issues exist, systemic collaboration is required.

### Guiding principles for responsible sourcing within AAK:

- UN Guiding Principles on Business and Human Rights
- United Nations Global Compact Principles
- OECD Guidelines for Multinational Enterprises
- International Labor Organisation (ILO) Declaration on Fundamental Principles and Rights at Work
- Sustainable Development Goals (SDGs)
- The Modern Slavery Act



### Embedding human rights in our supply chain management

Ensuring the human rights of workers and communities in, or areas affected by, AAK's supply chain is a central part of our policy implementation. In recent years, human rights have received increased attention from concerned stakeholders, particularly in relation to palm oil. In general, human rights issues can be divided into those that impact workers and those that impact communities. Within this, human rights encompass a broad range of issues from pay and working conditions, discrimination, forced labor, child labor, and land grabbing. There are also crossovers between environmental and human rights issues, for example where pollution, contamination, and overexploitation of natural resources impact local communities.

In contrast to deforestation, where technology such as satellite monitoring facilitates the identification of such events in the supply base, human rights issues remain harder to detect. Frequently, human rights issues are first uncovered through NGO investigations and reports. While a reactive approach in response to these events can result in the resolution of specific cases, a proactive approach is required to prevent issues occurring in the first place. To this end, AAK has invested significant resources to better understand the risks within our supply chains and to develop a human rights due diligence system to implement this proactive approach.



## Human rights risk assessment across all raw materials and origins

We have partnered with third-party experts to conduct a high-level human rights risk analysis of our value chain. The analysis covered an initial review of AAK's likely and most salient human rights risks, as well as an overview of our capacity to conduct human rights due diligence that includes our supply chains.

The resulting expert recommendations range from embedding human rights into the policy commitments, focusing on governance and accountability in the organization, and integrating human rights due diligence in the way we work.

This presents both a risk management approach as well as an opportunity for sustainability co-development. Risk management is a key responsibility for AAK and can serve as support to providing the evidence that our solutions are not connected to certain issues.

The next steps is to prioritize and integrate the specific human rights risks identified into action plans for each sourcing of raw material.

### Palm human rights action plan

In 2021, AAK commissioned Proforest to conduct a comprehensive human rights risk assessment in our palm oil supply chain. The overall approach used the United Nations Guiding Principles (UNGPs) on Business and Human Rights as an overall framework, and the Responsible Business Conduct (RBC) process to guide the activities. These activities included a review of the human rights commitments in the AAK Group Policy Responsible Sourcing of Vegetable Oils,



recommendations on AAK Group Sustainability Policy and AAK Group Supplier Code of Conduct, a social risk assessment, recommendations for action, a prioritization workshop, and recommendations on the AAK Palm Oil Grievance Mechanism. The recommendations included actions both within and beyond AAK's supply chains, as well as country-specific actions in nine

priority countries. AAK has taken these recommendations into a series of internal workshops to discuss, prioritize, and develop an action and supplier engagement plan for roll-out in 2022. We will report more details as well as progress of this plan going forward.



# Better *Operations*

AAK is committed to enabling the well-being of our people, minimizing our environmental impact, and being a better neighbor. Better Operations embodies the responsibilities that come with being a processing company, and helps us to create a safe and inclusive working environment that is more resource- and climate-efficient, and that supports the community. To achieve this, we draw upon our great wealth of talented colleagues, who focus on making a positive impact every day.

*We strive to minimize our environmental impact and to be a catalyst for **positive** change*

## Our commitments and ambitions within Better Operations



Enabling the well-being of our people

Read more on pages 32–39.

### Engagement

- 2025: 10 percent improvement in employee engagement score from a 2017 base year

### Safety and well-being of our people

- No lost time injuries

### Human rights

- 2025: Human rights due diligence embedded across all sites

\* Pending SBTi submission



Minimizing our environmental impact

Read more on pages 40–45.

### Reduce GHG emissions

- Reduce absolute scope 1 and 2 GHG emissions by 50 percent by 2030 from a 2019 base year\*
- Increase annual sourcing of renewable electricity from 12 percent in 2019 to 100 percent by 2025

### Resource efficiency

- Reduce annual energy consumption per processed unit by 2.5 percent per year
- Reduce annual freshwater consumption by 5 percent per year

### Circular economy

- 2030: 100 percent of our waste recycled



Being a better neighbor

Read more on pages 46–47.

### Assessing most significant impact

- Relevant community engagement programs at our sites

# Key progress within *Better Operations*

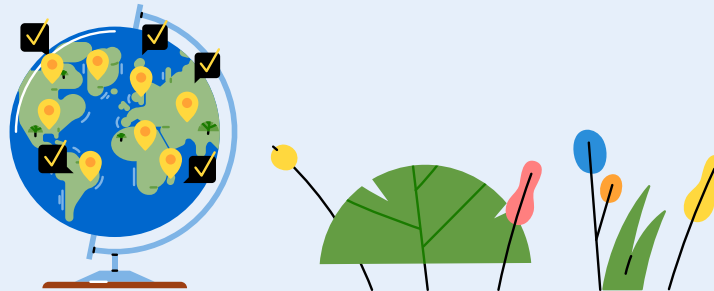
## Diversity

**7pp** increase of women on managerial level to 30 percent.



## Human rights

**100%** of sites risk-assessed, salient issues identified, and plans initiated.



## Certification

**4** entities rewarded with the “Great Place To Work” certificate during 2021.



## Reduce GHG emissions

**5%** reduction of absolute scope 1 and 2 GHG emissions since 2020 (4.3 percent reduction from a 2019 base year).

**50pp** increase in annual sourcing of renewable electricity to 64 percent.



## Resource efficiency

**20.9%** reduction in water consumption per processed unit since 2020.

**18.6%** reduction in waste intensity per processed unit since 2020.



## Being a better neighbor

**7,361** trees donated.

# Our *Better Operations* approach

## Deeply understanding our operations

- Understanding environmental and social risks, requirements, and gaps in our operations (in line with Policies and Codes)



## Taking action

- Update steering documents
- Improvement action plans
- Community engagements plans



## Minimizing our environmental impact

- Evaluate, assess, and drive progress in line with improvement plans



## Being a better neighbor

- Evaluate, assess, and drive progress in line with improvement plans



## The well-being of our people

- Evaluate, assess, and drive progress in line with improvement plans

Our purpose, Better Behaviors, Better Leadership principles, and People ambition



## A structural approach to ensure progress

### Deeply understanding our operations

Better Operations consists of three focus areas: The well-being of our people, Minimizing our environmental impact, and Being a better neighbor. We continuously work to understand environmental and social risks, and assess compliance with requirements and gaps linked to these three areas. Additionally, we identify different challenges linked to countries, regions, jurisdictions, and systems to prioritize and improve based on local prerequisites and circumstances. The insights feed into our steering documents and our improvement and engagement plans.

### Taking action

As a result of assessing our risks, we have reviewed and updated our Group Code of Conduct and Group Environmental Policy during 2021. Based upon learnings from our community engagement approach, we will also review and update our Community Engagement Guidelines during 2022. We aim to increase our positive impact and minimize our negative impact in line with our ambitions and by improvement plans.

We realize that “walking the talk” requires continuous engagement. We provide sustainability introductions, exchange of best practice, e-learnings, and activities to ensure progress.



### The well-being of our people

AAK is a purpose-driven company, supported by strong values (Better Behaviors), Better Leadership principles, and a People ambition that create a foundation and a mutual driving force throughout our operations. It is important that we understand the social risks and work with continuous evaluation and employee dialogues to identify any issues that may arise on a country-specific or global level. The focus on safety, well-being, engagement, and human rights builds on high ethical standards and systems to ensure we fulfill our ambition.

### Minimizing our environmental impact

AAK is on a transitional journey with a focus on mobilization, managing environmental risks, and utilization of best available technologies. It is important that we understand the risks and identify best practice to scale up good solutions. The focus on greenhouse gas emissions, resource efficiency, and circular economy builds on assessment of our most significant risks, and improvement plans exist related to these areas, both on a global and local level.

### Being a better neighbor

As a global company, it is our responsibility to play an active role in caring for our surroundings and those living there by engaging in a variety of local activities. Our community engagement initiative is driven by an assessment of relevancy and passion. We aim for impact, scalability, and long-term engagement that can strengthen our role in society as a responsible corporate citizen.



## Enabling the well-being of our people

At AAK, we work to create a great workplace that enables the well-being of our people. As outlined in our People ambition, we are committed to creating a workplace that ensures health and safety and that sets a high ethical standard for our behavior, where diversity is a priority and where there are ample opportunities to grow.

### The AAK People ambition

- We offer our people the chance to make a real difference by being part of a team that is passionate about Making Better Happen™.
- Together with our people, we take responsibility for health and safety, and for creating a workplace where equality, diversity, and inclusivity are priorities.
- Our leaders are striving to be role models for our Better Leadership principles, and they are committed to unleash the full potential of every member of the AAK family.
- Together, we are guided in our decisions and actions by our Better Behaviors and by the highest ethical standards.
- We share a sense of ownership and pride for the positive impact our company makes.

To deliver on our People ambition, we have put in place relevant Policies and Codes based on international best practice, and we are continuously running improvement initiatives based on insights from engagement surveys, health programs, and risk assessments. Our Better Behaviors and Better Leadership principles are two additional building blocks that create the foundation of our approach.

### Better Behaviors and Better Leadership principles

During 2021, we updated our values and leadership principles so that they together with our purpose, Making Better Happen™, may help guide and inspire our employees during their everyday activities. To ensure a full implementation throughout our global organization, we have supported this with several trainings and workshops.

### AAK's Better Behaviors:

- We are passionate about Making Better Happen
- We are agile by intent
- We are accountable for our actions
- We are collaborative by choice

Our four Better Behaviors are meant to balance and complement each other. By simultaneously applying all four to any decision, challenge, or task, they help our employees to make better decisions and take better actions.

By including Better Behaviors into the framework for our Better Leadership principles, we add an additional dimension to the three Leadership Competencies – Leading self, Leading people, Leading business – that have served AAK well for many years. In doing so, our employees are provided guidance in not only how to behave better, but also in how to better lead others and themselves in the pursuit of our common purpose. To ensure that we live by them, our four Better Behaviors and Better Leadership principles are now part of our annual evaluation performance process.

	Leading self	Leading people	Leading business
Passionate leadership	Continuously improving	Unleashing potential	Driving growth
Agile leadership	Planning ahead	Managing complexity	Managing change
Accountable leadership	Taking responsibility	Sharing ownership	Delivering results
Collaborative leadership	Building trust	Mobilizing teams	Setting direction



## Safety first

At AAK, safety comes first. Our Global Safety Program ensures that we work together on continuous improvement and share best practices. AAK's overall objective is to achieve zero lost-time injuries (LTI) across the Group. In collaboration with external auditors, all AAK sites are evaluated to ensure safe operations, including recommendations for improvements and any necessary corrective actions.

During 2021, we have been balancing the risk of Covid-19 with general risks in our working environment. Through a proactive approach, AAK managed business continuation supported by our suppliers to keep all operations running. The protection of our people, contractors, and customers has been our priority and we succeeded in our plans to deliver our solutions to our customers.

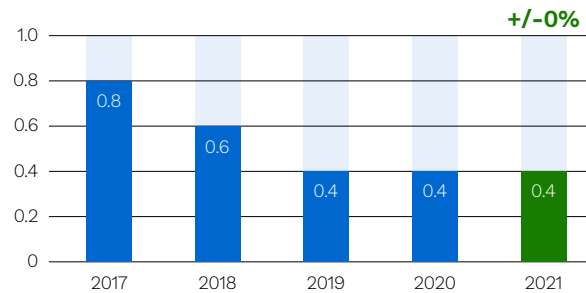
As the most common safety risk in AAK is connected to slips, trips, and falls, a need for an intensified focus on these aspects has been identified. Given this, additional focus on training, together with behavior and risk avoidance, have now been adopted globally.

We had in 2021 a total of 23 LTIs (lost-time injuries), which corresponds to a 0.4 LTIFR (Lost Time Injury Frequency Rate).

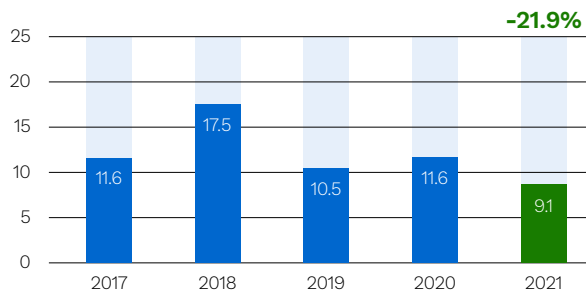
From a global perspective, we have performed risk assessments and audits on safety with focus on fire, machinery, and exposure to natural hazards.

Thanks to increased investments in safety at our sites, we have improved our global ranking with the insurance companies, where we also have achieved a positive ranking.

### Lost time injury rate (LTIR\*)



### Lost day rate (LDR\*\*)



- \* LTIR: Number of injuries with more than one day of absence per 200,000 working hours (excl. West Africa)  
 \*\* LDR: Number of lost working days caused by LTIs per 200,000 working hours (excl. West Africa)





## Promoting health through AAKtivate

To work with well-being also involves preventing any risk of physical or mental illness. For the past ten years, AAK Mexico and AAK Colombia have successfully worked with an employee well-being program called AAKtivate. The program focuses on physical, medical, and mental health, including key factors such as nutrition.

During 2020, we implemented this as a global program, and it has been further developed during 2021. We believe that this program contributes to a healthier lifestyle and by that increased motivation, increased productivity, lower absenteeism, and reduced health costs. During 2021, AAK's absence due to illness rate remains at a low 1.6 percent, which is the same level as for 2020.

An important part of the AAKtivate program is to identify physical and psychological work issues, develop mitigation measures, and to follow up on all progress. The program is set to continue with the sharing of best practices and global activities including all AAK employees.





# Driving employee engagement

Our ambition is to improve our employee engagement score by 10 percent by 2025. To achieve this, we each year select different themes with the purpose to drive even better engagement.

## During 2021, we focused on the following three themes:

### 1) Learning and Development

Reinforce individual development plans, increase awareness about our succession and talent management processes, and maintain our strong commitment to Learning and Development.

### 2) Employee recognition

Focus on leadership with strong emphasis on leading people, share good examples internally, and support leaders in finding ways to recognize our people as part of everyday work.

### 3) Value offering

Strengthen our communication regarding our value offer, e.g. succession planning, hybrid working policy, bite-sized learnings, etc.

## AAK, a great place to work

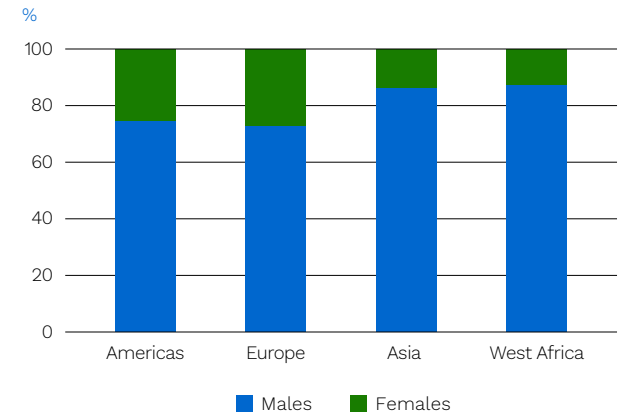
During 2021, four of our entities (Mexico, Colombia, China, and India) were rewarded with Great Place To Work certificates.

## Diversity and inclusion – important drivers for our business

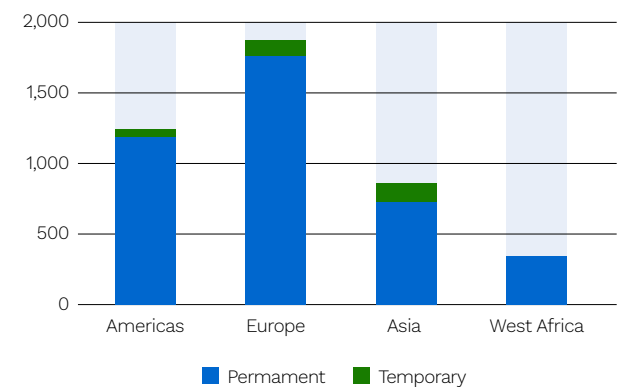
AAK recognizes that diversity and inclusion are areas that strengthen the company and have the potential to support our future growth. Today, we employ 56 different nationalities in AAK. Our Executive Committee represents five of them. In terms of gender, we are continuously working to increase the balance in our different regions.



Employees by regions and gender



Employees by type of contract





Better communication with customers, more agile and collaborative teams, and a broader talent base for recruitment are some of the advantages resulting from a more diverse and inclusive workforce. This was also the basis for why we chose to establish a Diversity and Inclusion program during 2020 to drive progress within the area.

In the US, we have during 2021 been conducting a Diversity and Inclusion awareness campaign with a series of e-learning courses, workshops, and intranet articles. We have also run a successful pilot for a global training program within Diversity and Inclusion, focusing on unconscious bias, which will be rolled out in full during 2022.

It is critical that we ensure that diversity and inclusion are incorporated into our policies and procedures. Recruitment is one important area where AAK is following a policy of actively promoting the principle of equal opportunities, and we do this within all employment practices. Our policy opposes all forms of unlawful or unfair discrimination on the grounds of gender, gender reassignment, marital status, ethnic origin, religion, age, color, nationality, or sexual orientation.

We follow up on this development on a monthly basis to track the gender and nationality of people who leave, start, and are internally promoted at AAK, and we also conduct exit interviews with people leaving. Our turnover rate for 2021 was 15.9 percent, slightly lower compared to 2020 (17 percent).

In addition, we annually perform follow-ups on our Remuneration policy in every country where we operate in order to make sure that salaries are equal.

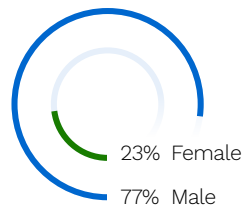


Of AAK's permanent employees, 23 percent are female. At a managerial level, 30 percent are female, which is an increase by 7 percentage points compared to 2020. It is a positive reflection of our efforts that the percentage of female managers is higher than the total

percentage of women in AAK. Combined with the fact that our Board of Directors represents a 60/40 gender distribution, we hope that this will attract more women to the company in the future.

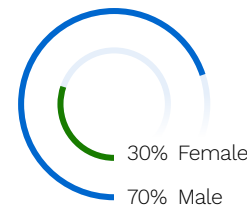
**Total AAK**

% Gender distribution



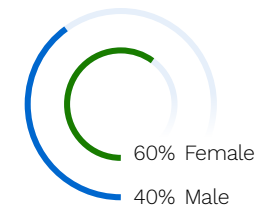
**Leadership representation**

% Gender distribution



**Board of Directors**

% Gender distribution





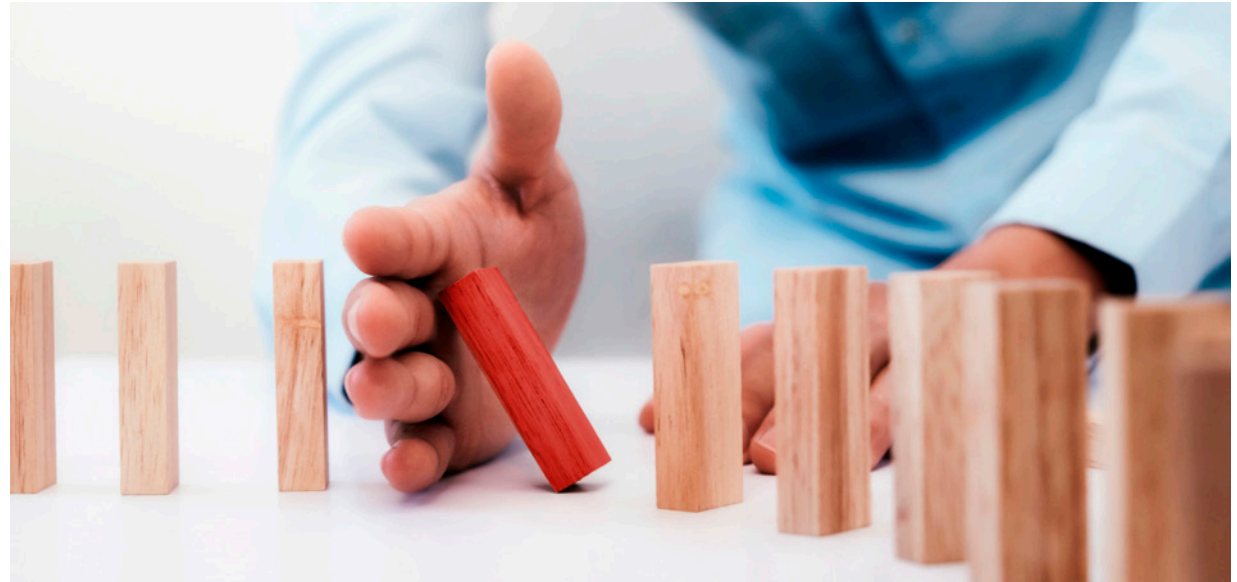
## Upholding high ethical standards

**Maintaining high ethical standards is a top priority for AAK. We want to foster a corporate climate that supports ethically correct behavior from all our employees, suppliers, and business partners.**

AAK is committed to adhering to and upholding the UN Global Compact's ten principles in the areas of social relations, human and labor rights, environment, and anti-corruption, as well as the OECD Guidelines for Multinational Enterprises, the ILO Declaration on Fundamental Principles and Rights at Work, and the ILO Core Conventions.

Our commitments are defined in our Group Code of Conduct, which is a set of rules for our employees that protect the business and ensure that everyone is fully aware of AAK's ethical expectations. It guides our ethical standards and actions and our employees are expected to read, understand, and sign the Code. During 2021, 94 percent of AAK's employees signed the Group Code of Conduct. These rules and expectations are cascaded to our suppliers, agents, and distributors through separate Codes. During 2022, AAK will establish a Code of Conduct e-learning program to ensure full awareness and understanding of our commitments and requirements.

The Code is reviewed regularly to ensure we are up to date with external and internal requirements. Different initiatives, such as our employee engagement survey, are assessed to evaluate continuous improvement in terms of implementing our ethical standards. One learning from the review during 2021 was that we need to increase our focus on anti-corruption and human rights in order to ensure we maintain a sufficient level of emphasis, especially in the light of the pandemic.



### Reporting of misconduct

As a global company with complex supply chains and operations in several countries, it is important that we have mechanisms in place that help us stay clear of any misbehavior. The trust we enjoy from both our stakeholders and our own employees is intimately connected to our ability to uphold high ethical standards in all our activities, and we take all reports of possible material misconduct seriously.

For this reason, a third-party whistleblowing service is available for both AAK employees and other stakeholders. The service gives people the ability to anonymously report on suspicions of misconduct regarding

laws, legal requirements, or material violations of our Group Code of Conduct. The whistleblowing service is an external platform available via our web, Group Code of Conduct and our intranet. As necessary confidentiality and anonymity are assured, anyone can report incidents without fear of reprisals. Any form of retaliation against an employee who raises an issue is in itself a violation of our Code.

During 2021, two cases were reported in our whistleblowing service. The cases were thoroughly investigated in line with our procedures, and corrective actions were taken.



## Zero tolerance towards corruption

**AAK has a zero-tolerance approach to bribery and corruption, which are addressed in our Group Code of Conduct, our Group Supplier Code of Conduct, our Group Code of Conduct for Suppliers of Raw Materials, and our Group Code of Conduct for Agents and Distributors.**

All relevant employees are requested to take e-learning courses in anti-corruption and competition law. During 2021, 60 percent had completed the e-learning on anti-corruption and 63 percent had completed the competition law course.

During 2020, we expanded the target group for this training, which now includes employees from Sales, Product management, Purchasing, Sourcing & Trading as well as relevant people with leadership positions. Going forward, we are looking into including these modules in a Code of Conduct e-learning course to expand the target group even further.

It is important to have controls in place, including assessment of suppliers that for example is supported by Transparency International in our supplier approval process. We assess operations related to corruption on a yearly basis based on risk assessments, which cover both fully owned and joint venture operational business units. The audits cover different aspects, such as investments, customer relations and contracts, travel invoices, gifts, salary remuneration, and contracts with suppliers and customers. During 2021, this covered 8 percent of the entities in scope. The reason for the relatively low number of audits during 2021, was the travel restrictions imposed due to Covid-19.

Due to the low number of audits conducted during the pandemic, AAK has decided to initiate a dedicated anti-corruption risk assessment during 2022, starting with our operations. We will initiate the same process for our supply chain during 2023.





## Embedding human rights

**AAK's policies are in line with the OECD Guidelines for Multinational Enterprises, the United Nations Guiding Principles on Business and Human Rights (UNGPs), and the ILO Core Conventions, and we are working to fully align our business practices accordingly. As a minimum, we comply with local laws and adhere to international standards concerning human rights and fair employment conditions.**

During 2021, AAK together with a third-party expert team, initiated a human rights risk assessment across our operations based on the United Nations Guiding Principles on Business and Human Rights. The ambition to assess the full scope of our operations by 2021 was thereby fulfilled and has provided important insights regarding the effectiveness of our Group Code of Conduct.

The assessment identified strengths in the AAK way of working, for example a robust Group Code of Conduct with a good uptake in the organization, an effective compliance-driven culture, and a strong human resources network of experts across countries of operation.

AAK has operations in many countries, and mapping known and unknown human rights risks relevant to AAK's operations on a country level, has been an essential first step towards understanding where AAK should focus its attention and resources, and prioritize its responses.

The assessment identified areas for improvement, such as a need for identifying human rights impacts and collecting relevant data on an ongoing basis. AAK has also identified a general need to increase knowl-



edge and capacity on human rights, which will be built into the new Group Code of Conduct e-learning program currently under development. Work has therefore been initiated to strengthen governance and accountability structures for human rights.

The risks identified were related to key labor risks that include discrimination, living wages, the right to organize, and the exploitation of vulnerable workers (subcontracted work), which during the Covid-19 pandemic have been especially impacted. We also need to consider operations in challenging contexts, for example in countries where the rule of law or the regulatory framework for human rights is particularly weak.

### Salient risks identified:

#### *Forced labor*

Forced labor is still a widespread problem globally. Our goal for 2022 is to ensure adequate processes, and enable effective actions to prevent or mitigate any possible risk of forced labor.

#### *Addressing the exploitation of migrant workers*

Migrant workers are often a vulnerable group in food production, notably because they often lack legal, medical, and social protection, and have families that are dependent on their income. The exploitation of migrant workers remains a challenge to our supply chain, and AAK will during 2022 work to ensure effective processes to enable decent working conditions and to prevent exploitation of migrants.

The implementation of our identified actions will continue in line with our ambition to manage salient issues during 2022.



# Minimizing our environmental impact

**AAK has operations all over the world. Our production is resource-intensive, and our continued responsible growth is dependent on our ability to balance a changing business environment with continuously reducing our environmental impact. Although the performance of our key parameters might suffer in the short term during the on-boarding process of new sites, it should always lead to improved results in the long term.**

Our most significant environmental risks are greenhouse gas (GHG) emissions, a resource-intensive production, and waste generation. On an operational level, we assess and evaluate these risks supported by certifications, audits, reporting, and continuous reviews of activities in our local, cross-functional sustainability teams. The results are connected to performance indicators that are annually presented to AAK's Executive Committee, and benchmarked by our global Better Operations team to align on progress needed.

The Group Environmental Policy is evaluated regularly by all relevant key stakeholders, and approved by the Executive Committee and our Board of Directors. During the most recent review, a need was identified to further align the policy with our production plants in order to increase focus on ISO 14001 certification, and to assess ESG progress more extensively. Waste, packaging, and transport, are also areas where AAK will initiate further improvement programs going forward.

To keep sustainability at the heart of our operations, it is our responsibility to ensure that our people are aware of the impact we have on the environment. To ensure progress and that connectivity remains strong, we arrange regular webinars and an award is presented each year to the AAK plant that has demonstrated an outstanding sustainability performance.



## Reducing greenhouse gas emissions

Over the past year, AAK has progressed on the commitment to set a science-based target with an ambition to achieve 50 percent greenhouse gas (GHG) reduction in scope 1 and 2 by 2030 from a 2019 base year\*. This ambition targets GHG emissions from all our primary operations, and represents an aim to have 100 percent purchased renewable electricity by 2025.

In 2021, we reduced our GHG in terms of scope 1 and 2 by 5 percent compared to 2020. This is an overall improvement of 4.3 percent compared to base year 2019, and represents a reduction of 15,325 tonnes of GHG. In total, AAK generated 343,732 tonnes of CO<sub>2</sub>e in 2021 (including scope 1 and 2 emissions).

Compared to 2020, absolute emissions in terms of scope 1 increased by 7.7 percent due to increased volumes and more heating for storage tanks. We have initiatives ongoing to improve heating efficiency that, in turn, will improve our scope 1 emissions levels.

The scope 2 emissions, that reduced by 44.1 percent, come mainly from electricity (66 percent), representing 19 percent of total GHG emissions. The share of renewable electricity increased by 50 percentage points, meaning that AAK achieved 64 percent annual sourced renewable electricity in 2021.

### Other air emissions

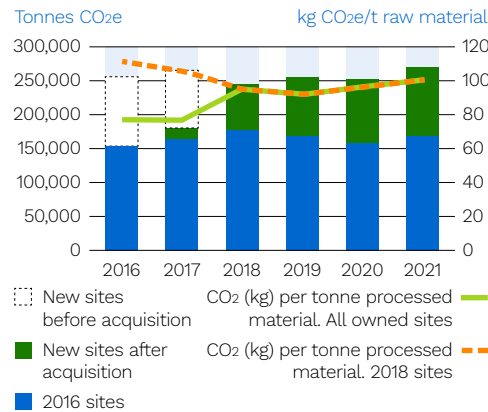
Due to the Group's use of fuels, its production sites emitted 243 tonnes of NO<sub>x</sub> (nitrogen oxide) and 29 tonnes of SO<sub>x</sub> (sulfur oxide). There were 271 tonnes of VOC (Volatile Organic Compound), primarily emitted from sites that run extraction and solvent fractionation processes. VOC increased by 4.6 percent between 2020 and 2021, mostly due to an increased amount of volumes processed. Going forward, we will continue to mitigate these types of air emissions and we are also tracking biogenic CO<sub>2</sub>e emissions (see page 65).

\* Pending SBTi submission

### Scope 1, GHG emissions

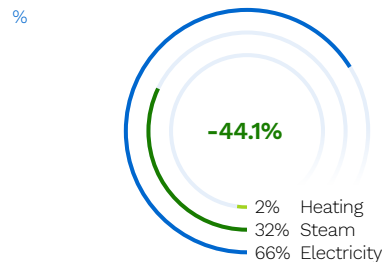
Total 269,380 tonnes CO<sub>2</sub>e

+7.7%



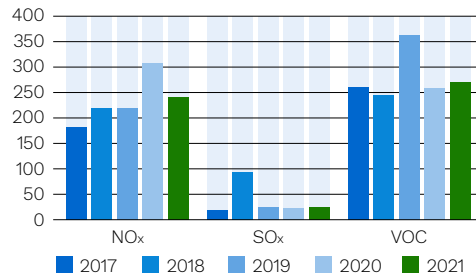
### Scope 2, GHG emissions (market based)

74,351 tonnes CO<sub>2</sub>e



### Direct emissions

Tonnes



## AAK's climate journey

In 2019, we initiated climate change risk assessments at our plants. During 2020, we started applying the TCFD (Task Force on Climate-Related Financial Disclosures) framework to the findings, and in 2021, the approach was further developed by assessing climate-related risks and opportunities connected to scope 1 and 2. The financial risk related to climate change was evaluated low to medium, depending on developments such as local actions taken by governments and countries themselves.

Another important step on our climate journey was the connection to financial tools, such as AAK's CAPEX system during 2021 – a development that will guide future investments in a greener direction. Environmental risk scoring also continued at our plants in 2021, where in addition to improving our insurance risk profile, it was revised as input to our upcoming climate risk scenarios.

Work will continue in 2022 when we will apply our reduction plans and identify climate-related risks and opportunities related to scope 3 to our assessment of financial impact of climate change. When a full assessment has been made and main risks and opportunities have been identified, we will conduct a climate scenario assessment in line with TCFD. This work is planned to be finalized during 2022 and will add value to our strategic approach and climate resilience.

### Going forward

We are building a foundation for a solid climate journey. Having set science-based targets and defined roadmaps for our scope 1 and 2 emissions during 2021, AAK expects to reduce GHG emissions significantly going forward, in line with the Paris Agreement.

# Resource efficiency

Energy efficiency, water consumption, waste reduction, and circularity are all important areas for the transition to more sustainable operations. Saving valuable resources lowers the pressure on the environment and optimizes business resources, cuts costs, and increases the affordability of purpose-built green energy projects.



## High focus on saving valuable energy

During 2021, we maintained a high management focus on resource efficiency and explored opportunities looking at unit consumption, production capacity, energy mapping, and circularity.

AAK has an ambition to reduce annual energy consumption per processed unit by 2.5 percent per year. However, energy consumption per processed unit increased by 8.5 percent compared to 2020, a result from the addition of new production sites and consequently a higher volume output. Moreover, cold weather at the beginning of the year meant a higher energy consumption from heating our tank storage.

In total, our production sites consumed 6,183,550 GJ, where total primary energy consumption was 3,950,359 GJ, and total secondary energy consumption was 2,233,191 GJ.

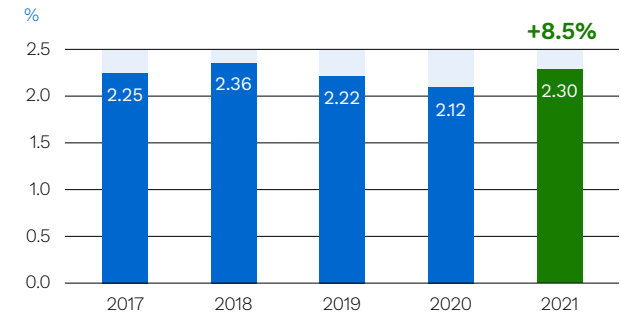
Our activities during 2021 focused on plant engagement and improvement initiatives related to best available technology. Solutions for heat systems, cooling, and water reduction were explored, where the most successful was related to the replacement of trace heating systems, which have reduced both energy and water consumption at several plants. Trace heating systems are used in oils and fats installations to heat piping and pumping systems, which is usually done with steam. By moving to hot water or electrical heating, efficiency and safety of operations may be improved.

Going forward, AAK will continue to explore these and other solutions and get back on track with regard to our energy consumption, as new sites are involved and new technologies are implemented during the journey of our SBT roadmap.



### Total energy consumption (GJ)

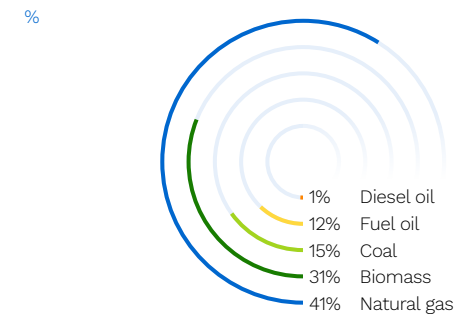
Per unit processed material



Total energy consumption consists mainly of natural gas, fuel, and biomass.

### Energy consumption

Per fuel type



In 2021, the use of biomass increased from 26 to 31 percent, while coal and fuel oil decreased by 1 percentage point.



# Reducing water consumption

At AAK, water is mainly used for cooling purposes. Consequently, our main focus lies on water-use optimization and the reduction of freshwater consumption (i.e. municipal water use).

AAK's ambition is to reduce annual freshwater consumption by 5 percent per year. During 2021, there was a 3 percent reduction compared to 2020, and water consumption per unit processed material reduced by 20.9 percent compared to 2020.

The initiatives that have led to improvements during the last couple of years are related to improved water management, identified steam leakages, improvements in mitigation tools, and required repairs of components.

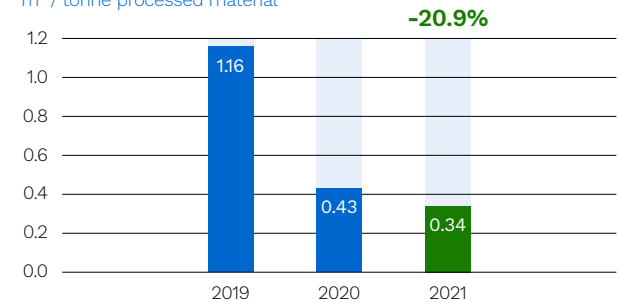
## Building best practices

During 2021, we also worked on increasing awareness about water consumption with water days and shared best practices internally. The activities focused on using freshwater for cooling, and alternatives to combine energy efficiency with water reduction are crucial, also considering climate change and increasing water temperatures. Therefore, by focusing on water, we are not only building a more responsible business, but also a more resilient company with regards to the eventual consequences of climate change.



## Water consumption

m<sup>3</sup> / tonne processed material



The water consumption 2016-2019 per processed unit is not comparable after aligning with GRI 303-5 (see page 65).

Water withdrawal	Total withdrawal (m <sup>3</sup> )
Seawater	27,683,205
Municipal water	2,312,914
Groundwater	492,795
Surface water	2,378,888



## Reducing waste and improving circularity

A lot of effort is continuously being devoted to reducing and exploring the most feasible solutions for our waste fractions.

AAK’s ambition is to have 100 percent of our waste recycled by 2030. During 2021, AAK generated 63,422 tonnes of waste overall, and 94.6 percent of waste was recycled – a reduction of 1.4 percentage points compared to 2020.

Our sites generated 1,914 tonnes of hazardous waste and 61,508 tonnes of non-hazardous waste. During 2021, total waste per processed unit reduced from 29.0 per 1,000 tonne to 23.6 per 1,000 tonne, representing a 18.6 percent reduction compared to 2020. Meanwhile, we increased our waste going to landfill by 9.4 percent, and total landfill in 2021 was 3,394 tonnes.

One of the biggest challenges connected to this is the recycling of spent bleaching earth. Bleaching earth is an essential processing aid for high-quality oil production as it removes coloring and other impurities during the refining of plant-based oils. Work is ongoing to find solutions for the bleaching earth to achieve our ambition.

### A more circular approach

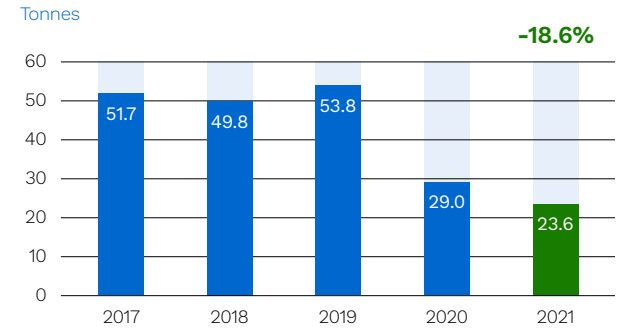
To meet the market need for more sustainable alternatives, sidestream utilization and upcycling represent key business opportunities. Progress is being made to offer more plant-based products, replace materials (minerals, oil, plastics, etc.), and to reduce waste with the solutions we provide.

At our site in Karlshamn the waste fraction from our fatty acid distillation and the fat recovered from our wastewater treatment plant is used as bio-fuel. It is either incinerated in our own boilers or sold to nearby manufacturing industries and power plants. Other examples of waste-streams being utilized for good purposes in Karlshamn are the ashes from our boilers, which is used as a soil improver in forests and the rapeseed screenings from our crushing unit, which is used in bio-gas production.

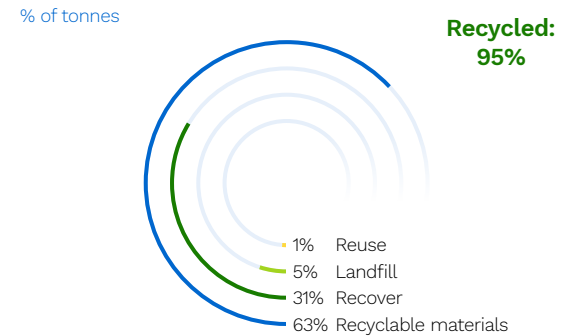
Efforts are also being made to maximize the output from sidestreams in for instance Aarhus, Denmark, where the sidestream of shea meal is used in numerous applications, such as fertilizers and cow bedding. During 2021, a new business relationship was established to utilize shea kernel waste fractions in the production of chairs in Denmark.

Looking ahead, we see plenty of more opportunities for identifying and exploiting the value of sidestreams that may further our circular economy ambitions.

### Total waste per processed unit



### 2021 waste disposal





# Being a better neighbor

There are different ways of engaging in local communities such as pro bono, in-kind, or financial engagement. At AAK, we work through all of them. We give priority to geographic areas where our impact assessment has identified relevant projects that can be linked to our business, ambitions, and contributions to the Sustainable Development Goals, in line with our community engagement guidelines.

Contributes to:



Sustainability Report 2021

## Community engagement driven by passion

All initiatives where AAK has been involved have been made possible thanks to the passion and willingness of our employees, and we are very proud to see their level of commitment.

During 2021, we had several relevant and effective community engagement programs on our sites, in line with our ambition. One example is India, where we ran

several projects with focus on skills development to empower women, water purification to ensure clean drinking water, and solar-based streetlight installations to increase the use of renewable energy in the neighborhood, thereby improving the living conditions for 7,000 people.

### Community engagement initiatives in India

	Women empowerment	Access to clean water	Access to modern energy services
<b>Scope</b> – Target group – Nature of project	<b>Neighbors, Khopoli</b> Working with an NGO to provide a skills certification program to women in neighboring villages in the areas of fashion and cloth technology, beauty, culture, and hair dressing. Enabling them to start their own business and become self-reliant. This program is also recognized by the Government of India.	<b>Neighbors, Khopoli</b> Based on a gap analysis in coordination with local representatives, it was identified that the villagers are prone to waterborne diseases. A decision was taken to install two 1,000 l/hour capacity reverse osmosis plant in the neighboring villages to provide safe and clean drinking water and prevent waterborne diseases.	<b>Neighbors, Khopoli</b> To promote usage of renewable energy in the neighborhood, a decision was taken to install solar-based streetlights in the village. This has helped in providing better illumination in the village.
<b>Impact, People</b> – Number of people	~ 500 direct beneficiaries	~ 3,500 village population	~ 3,500 village population
<b>Impact, Society</b>	Yes	Yes	Yes
<b>Strategic relevance</b>	The projects are relevant, based on impact assessment, and will have a positive impact on the neighboring villages and their inhabitants. Contributing to our commitment “Being a better neighbor”.		
<b>UNDP goals</b>			





## Local collaboration driven by impact assessment

Our aim is to establish long-term and scalable initiatives, which allow us to use our learnings and apply them in different locations. Doing so, we are able to exchange and use the knowledge and skills of our employees for the benefit of society.

During 2021, we experienced great progress in this perspective through our strong community engagement in Colombia and Uruguay.

Starting with an identification of endangered native plants in Colombia, AAK delivered seedlings to

Cormacarena, a government institution for environmental control in the region. In collaboration with AAK, Cormacarena selected the areas and delivered the plants directly to the location where plantation was performed. Through this collaboration and with the support of the community, AAK managed to donate 7,361 trees during 2021, with seedlings planted in deforested areas within the region. The partnership with Cormacarena has provided great learnings and is set to continue, where AAK intends to provide further support and lead new initiatives within the local community.



## Long-term engagement and knowledge sharing

Our school project in Uruguay, initiated in 2016, provides a good example of a long-term engagement. We continue to support environmental education at the local school, focusing on waste management. By educating the local population in waste classification through workshops and habits of composting, the recycling of paper could be reinforced. This resulted in 10,000 kg of waste being sorted, of which 60 percent is recycled every year in the local public school.

The public school projects are now referenced as best practice in Montevideo, Uruguay, and the integrated system of waste classification, recycling, and composting, used for the school garden, is beginning to be replicated by other schools.



# Better *Solutions*

Better Solutions reflects AAK's aim to help customers improve the sustainability credentials of their brands, and to support them in driving consumer demand for product solutions that are better for people and the planet.

AAK's work within Better Solutions centers on creating the prerequisites for establishing a stronger pipeline for sustainable solutions, enhancing activities that drive the demand for sustainable solutions, and incorporating sustainable development in the way we measure our performance.

Through *better solutions* we can be part of **the solution** for a more *sustainable future*

## Our commitments and ambitions within Better Solutions




Co-developing with customers to do good for people and planet

Read more on page 50–55.

### Enabling a stronger pipeline for sustainable solutions

- 2022: Sustainability strongly embedded in our customer co-development engagements



Increasing the demand for better solutions

Read more on page 56–59.

### Enable our sales force to increase the demand for sustainable solutions

- Playing an active role in the transformation to a more sustainable food system
- 2022: Sustainability truly embedded in AAK's value propositions



Enhancing sustainable development with our solutions

Read more on page 60–63.

### Increase our contribution to the SDGs

- 2025: 50 percent of revenue contributing to the SDGs

# Key progress within *Better Solutions*

## Co-developing with customers to do good for people and planet

### Enabling a stronger pipeline for sustainable solutions

- ✓ Ensured sustainability is fully embedded in the opportunity management process.
- ✓ Tools created and embedded in our customer co-development approach.
- ✓ Co-development projects initiated.



## Increasing the demand for better solutions

### Enable our sales force to increase the demand for sustainable solutions

- ✓ Development of consumer-driven sustainability value propositions.
- ✓ **3%** increase of RSPO-certified volumes.



## Enhancing sustainable development with our solutions

### Increase our contribution to the SDGs

- ✓ **31%** of revenue contributing to the SDGs.





# Co-developing for people and planet

**This commitment is about co-developing with customers to do good for people and planet by ensuring that sustainability is strongly embedded in our customer co-development engagements.**

In line with our commitment and environmental policy, we continuously strive to develop more sustainable solutions by embedding sustainability in our co-development engagements, identifying specific sustainability credentials that create value for our customers and our different segments, addressing the impacts of products over their full lifecycle.

We believe that better solutions are created through better collaboration. One of AAK's key strengths in our business model is our unique co-development approach, born out of the strong relationships we have with our customers.

## The AAK co-development approach

AAK's co-development approach consists of six steps representing every part of our value chain from plant to brand. At the very heart is our passion for continuous improvement. Through the co-development approach, we deliver value-adding results at every stage by working proactively in close collaboration with our customers.

### From better understanding to better solutions

The process begins with our team of specialists seeking to truly understand our customers' specific needs through a dialogue about their business, products, and value chain.

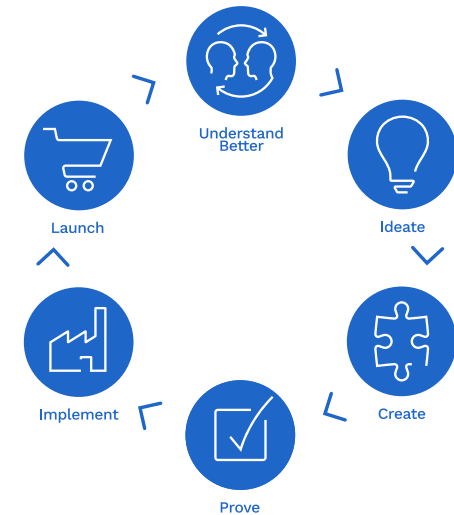
Throughout the dialogue, we continuously consider how our solutions can improve their sustainability impact and profile. The outcome is an aligned understanding of what better looks like.

### Collaborative ideation sessions

The ideation phase is where we explore ideas to create the optimal sustainability credentials for our customers. During 2021, we have focused on identifying the sustainability credentials that drive most value, and we have also improved our systems to measure progress towards these value drivers.

### Create, Prove and Implement

After the optimal sustainability credentials have been defined for a solution, we work closely with our customers to create, prove, and implement better solutions for their sustainability performance. Drawing upon the right expertise at the right time, we create solutions with better ideation, faster development times, and a more effective implementation.



### Launch

Before a solution is launched, we assist our customers to define the best go-to-market approach and plan a continuous improvement pipeline. During 2021, we launched/improved/identified many co-development solutions with sustainable value-adding credentials, such as improved environmental footprint, deforestation-free or certified solutions.

### Making even better happen

Once a solution has been launched, we continue to make better happen by finetuning and improving it further, based on ongoing research, feedback from our customers, or extensive tests. This is also a crucial part of the co-development process that enables us to make our sustainable solution portfolio even stronger.



## Empowering women through better solutions for chocolate

Supplying the chocolate and confectionery market with sustainable solutions has been a focus area for AAK during many years and remains a key driver for new projects aiming at making better happen together with our customers.

During 2021, we joined forces with Mars and several leading NGOs to explore how we together can make an even stronger sustainable foundation for responsible shea sourcing. Building on our already successful Kolo Nafaso program, the initiative resulted in a project called Women in Shea (WISH)\*.

### Co-developing for more sustainable sourcing of shea

The co-development opportunity started in 2019 when AAK approached Mars in the USA to better understand how our Kolo Nafaso shea sustainability program could potentially create value for Mars's business.

“This opportunity took shape after Mars recognized the strategic alignment between our Kolo Nafaso program and its own global ‘Sustainable in a Generation’ plan”, says Adriano Barrichello, Strategic Account Manager at AAK.

Subsequently, an ideation workshop was held in Ghana together with additional stakeholders to find the sweet spot for a business opportunity. With the passionate commitment for responsible and sustainable sourcing presented by the people involved in the scoping of the project, Mars was inspired to go further with the project.

AAK's primary role in the WISH project is to work with women from more than 150 communities in East



Image from our movement of positive change, the campaign “Pass it on”.

Gonja to ensure a sustainable high-quality shea kernel supply. A key step has been the creation stage focusing on the optimization of the collection of shea kernels, as well as scaling the savings program for the women involved.

### Working towards a mutual goal

Mars buys the cocoa butter equivalents that AAK produces from the shea kernels sourced through the WISH project, and in doing so, the project becomes sustainable also from an economic standpoint.

After a few years of conversations, the partnership is now a reality, covering multi-functional involvement across the different partners.

“We believe that our brands’ success must be aligned with that of our partners and communities. We are proud to now come together to launch a large-scale shea sourcing initiative in Ghana to bring benefits to women who live in a particularly fragile ecosystem”, says Victoria Mars, Chairman of the Board for Mars Incorporated.

This opportunity has turned into a ten-year partnership to improve the living standards of 13,000 women in northern Ghana, preserve the wild-growing shea trees, and meet the growing market demand for high-quality shea kernels.

\* Please see page 24 for further insights related to the partnership.



## Enabling nutritious plant-based food

**The development of plant-based food solutions in substitution of animal-based products in our daily diets are crucial to achieving a sustainable food system. To feed a growing population within planetary boundaries, we need to consider not only environmental impact but also nutrition in our solution pipeline.**

There is continuous work being performed by different ingredients suppliers to create sustainable alternatives to animal-based food products. The work touches upon all types of parameters to develop advanced emulsions systems, mimicking the structure of oils and fats in meat and dairy products. At AAK, we strive to make solutions that meet these needs while at the same time ensuring the right nutritional levels. Still, some nutrients are unique to animal products, but AAK has a team working on innovation within this area.

During 2021, the focus has been on improving the nutritional value of our plant-based solutions. By including advanced biotechnology in our development processes and platforms, we have ensured compliance with the nutritional requirements enabling us to meet the increasing demand for plant-based foods. At the same time, our processing platform for plant-based oils and fats enables us to tailor structures according to consumer preferences with a focus on functionality, flavor, and sensory experience.

Animal-based foods have relatively high levels of lipids, which both create a rich flavor and a sensation of fullness after the meal, while also delivering a range of nutrients such as fatty acids, vitamins, and structured lipids. Moreover, meat and dairy products are the cultural references in many traditional diets and dishes, and to many people they represent a major portion of



daily food spending. To successfully substitute animal-based ingredients, we therefore need to develop the required functionality with new technology and make better happen without dramatically increase costs in order to keep plant-based foods at an affordable level.

AAK has embraced this challenge and we see it as our responsibility to make even better happen with the skills and technology that we possess, supplying plant-based alternatives that meet all value-adding criteria.



## Responsible scaling from plant to brand

**Due to public health and sustainability concerns, many companies and customers have started to incorporate increased quality and sustainability requirements into their operations in China, in line with European guidelines and their company commitments.**

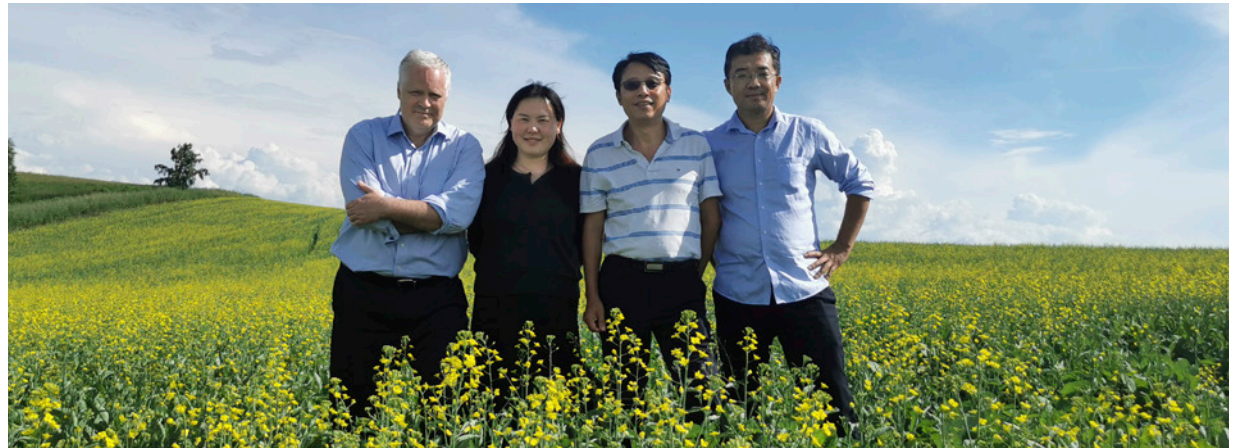
AAK China has been working with a domestic rapeseed oil supplier to enable and meet these requirements, and have initiated a long-term strategic partnership to build an even more resilient and sustainable supply chain.

Our supplier is based in Inner Mongolia, a major rapeseed agricultural area. With its strengths in supply chain management, the supplier has close relations with local farmer cooperatives to ensure high levels of quality, productivity, and traceability, as well as maintaining agricultural areas after harvest.

The partnership targets raised quality requirements and increased transparency of the rapeseed oil supply chain in China.

“In China, rapeseed oil is mainly imported, which created challenges during the pandemic”, says Caroline Xu, S&T Manager at AAK China. “At the same time, many global key accounts and Chinese leading players have already, or are on their way to tightening the quality standards and are showing increased expectations when it comes to food safety and sustainability.”

As an industry pioneer, AAK has vast practical experience in sustainability and in controlling quality levels, not only within the refinery process, but also covering the upstream supply base.



On-site audit of rapeseed farmland.

“That’s why we are capable of working with key accounts ahead of market competition”, says Parker Pan, QA/QC Manager at AAK China.

The initial plan covered plant audit requirements, contaminant control and technical improvements, a farmer workshop, and an on-site plant and farmland audit.

AAK representatives from the leadership team, S&T, QA/QC, and Customer Innovation, shared knowledge about the prevention of food safety hazards in the upstream supply chain, and engaged with the supplier in the implementation of specific actions.

Four months into the program, most of the agreed actions have reached set targets. A traceability system

has been established and has achieved 100 percent traceability; all the machine lubricants have switched to food grade lubricants to avoid the risk of substances with potential health concerns such as mineral oil; all the processing facilities are now equipped with necessary accessories to minimize mineral oil traces; all the farmers and workers involved have been trained in good agricultural and manufacturing practices.

“This is a firm step to build an even more resilient supply chain in response to external and uncontrollable factors as well as to improve sustainability in China”, says Raymond Due, General Manager AAK China. “It is a proactive approach to create value for our stakeholders, and it brings a positive impact across the whole supply chain.”



## Making better packaging happen

**Part of our ambition to enable a stronger pipeline for sustainable solutions is also to build the pre-requisites necessary to meet our customers' needs for better packaging.**







In line with the AAK Group Environmental Policy, we have a commitment to respect and strive to implement more environment-friendly packaging. Our Foodservice organization has been improving our portfolio of better packaging solutions.

Plastic is an important consideration in the sustainability goals and targets of our customers, where many have developed plastic packaging strategies to improve their environmental footprint. AAK is driving improvements together with our suppliers across our Foodservice operation to meet these requirements as we supply a vast range of plastic packaging across our product range.

During 2020, our strategic approach was defined for Foodservice, using the three environmental R's – Recycle, Reduce, and Reuse – combined with a traffic light categorization system to identify key initiatives. A situational analysis was carried out to understand our plastic packaging formats and how they relate to the three environmental R's.

Based on the situational analysis, we identified strategic objectives and started working towards better alternatives.

### The traffic light categorization

		 Recycle	 Reduce	 Reuse
	Red	problematic plastics; not widely recyclable	opportunities to reduce plastic content easily	contains zero recycled content/food grade recycled material is available
	Amber	problematic plastics; complex or multiple polymers	potential to reduce plastic content with investment and/or trials	contains zero recycled content/food grade recycled material not yet available
	Green	100 percent recyclable material	optimal plastic weight	contains a minimum of 30 percent recycled content



### A recycle, reduce and reuse approach

We work closely with suppliers to gain an understanding of where and how we can improve our packaging in line with our traffic light categorization.

Since 2020, we have removed all red indexed problematic plastics by changing our black plastics to different colored plastics, ensuring they become 100 percent recyclable.

We aim to move amber-indexed problematic plastics (complex and multi-layered polymers) to recyclable solutions (single polymers) where possible. During 2021, we identified single polymer solutions for all complex and multi-layered plastic formats, and action plans to bring these solutions to the market are underway.

We also work with suppliers to identify packaging formats where we can reduce plastic content by the end of 2022 and bring plastic reduction formats to market throughout 2022 and 2023.

Our aim is to have moved all packaging under “Recycle” in the traffic light categorization from amber to green by the end of 2022, introduce recycled content where it is safe to do so, and continue to work on plastic reduction across our packaging formats.

Our journey to making better packaging happen has begun. As technology in materials and packaging solutions advance, we will continue to find alternatives, drive better packaging, and enable solutions that are better for our customers and our planet.





# Increasing the demand for better solutions

**AAK seeks to play an active role in the transformation to a more sustainable food system. We are therefore committed to increasing the demand for better solutions and truly embedding sustainability in our value propositions.**

We promote the value of certified solutions, using standards and platforms that demonstrate the right governance, and we disclose information in a transparent way. We also mobilize the organization by conducting training of our colleagues, enlightening our customers about the advantages of certified solutions, and developing our product management tools to support the transformation.

## The value of certified solutions

Accredited third-party sustainability certifications give greater transparency and demonstrate compliance with social, environmental, and financial requirements. By stimulating demand for certified standard solutions, we contribute to a more sustainable supply chain.

Below is an overview of key certifications supported by AAK.

### Roundtable on Sustainable Palm Oil

The Roundtable on Sustainable Palm Oil (RSPO) is a multi-stakeholder organization aiming to transform markets to make sustainable palm oil the norm. RSPO has developed a set of environmental and social principles and criteria that companies must comply with in order to produce Certified Sustainable Palm Oil (CSPO). RSPO certified palm involves accredited third-party certification of both the production and the supply chain.

RSPO certification is applied to palm and palm kernel supply chains within AAK.

### ProTerra

The ProTerra Standard focuses on key topics such as human rights and good labor practices, preventing child and forced labor, promoting good agricultural practices, and continuous efforts to improve soil, water management, and reducing the use of fertilizers and pesticides. The ProTerra Standard involves accredited third-party certification.

ProTerra certification is applied to soy supply chains within AAK.

### Rainforest Alliance

The Rainforest Alliance is an international non-profit organization working at the intersection of business, agriculture, and forests. The organization seeks to build a network to protect forests, improve the livelihoods of farmers and forest communities, promote their human rights, and help them mitigate and adapt to the climate crisis. Rainforest Alliance involves accredited third-party certification.

Rainforest Alliance certification is applied to coconut supply chains within AAK.

### ISCC (International Sustainability and Carbon Certification)

ISCC is a multi-stakeholder initiative with the objectives of contributing to environmentally, socially, and economically sustainable production and use of all kinds of biomass in global supply chains. ISCC aims to implement social and ecological sustainability criteria, monitoring deforestation-free supply chains, avoiding conversion of biodiverse grasslands, calculating and reducing GHG emissions, and establishing traceability in global supply chains. ISCC involves accredited third-party certification.

AAK offers ISCC-certified shea, rapeseed, and sunflower products.



## Promoting sustainable palm oil supply chains and RSPO in India

**As part of AAK's global sustainability ambitions, AAK India decided to collaborate with World Wide Fund for Nature (WWF-India) to promote the awareness and consumption of sustainable palm oil.**

Since India is the second-largest consumer of palm oil in the world, it has a significant role to play in promoting and demanding a sustainable production of palm oil. Consequently, AAK India and WWF India will work together to raise awareness and promote sustainable palm oil supply chains in the country and stimulate the uptake of RSPO certified sustainable palm oil.

This collaboration will contribute towards strengthening our Indian customers' need for deforestation-free supply chains as well as AAK's general work to prevent deforestation, habitat loss, and environmental degradation. It will also help address social issues in key production frontiers, such as Indonesia and Malaysia.

Expressing his views on the collaboration, Mr. Dheeraj Talreja, President AAK India, said "We at AAK always consider environment conservation and protection as our key responsibility. India's production, consumption, and trade of palm oil impacts locally, and in areas of critical ecological importance. Businesses have the responsibility and a strategic interest to ensure that the natural resources and ecosystems which underpin their own operations are used sustainably. In this view, up our game in ESG and promoting sustainable palm oil in the country. We are happy to join hands with WWF- India to support the transformation of the Indian market towards sustainable palm oil."



Ms. Bhavna Prasad, Director – Sustainable Business at WWF India also expressed her gratitude: "All companies that use palm products must ensure that their own supply chain is sustainable, prevents deforestation and the conversion of natural ecosystems. Companies like AAK India can set the right example by following sustainable practices and contributing towards environment conservation. Together we aim to create, promote, and support innovative models of sustainable consumption and production."

Given this significant demand and supply gap in India and also the adverse impact that unsustainable production of oil palm has on natural resources, AAK India believes that it is now time for the business and industry players to recognize their key role and responsibility and contribute to responsible solutions.

The collaboration involves WWF India engaging with AAK India's go-to-market team and major customers to create awareness about sustainability in the palm oil supply chain.

## Enabling our go-to-market teams to transform our portfolio

**For many of our customers around the globe, the importance of sustainability is increasing. Being able to better understand our customers' needs, being their knowledgeable and trusted partner in sustainability, and being able to translate those needs into solutions at product level are keys to our success.**

To ensure that our go-to-market teams are up to speed with the requirements, possibilities, but also the progress and focus areas of our sustainability work, we have a diverse set of activities to enable them in their daily work with our customers.

To enhance the learning and development of our colleagues, our team of sustainability experts host webinars, develop e-learning courses, podcasts and workshops on specific topics and themes. In addition, specific tools have been developed to facilitate a sustainability dialogue with customers, coupled with useful examples of sustainability value propositions addressing the most relevant issues to our customers and/or their customers.

During 2021, we improved our data management to support the sustainability transformation of our product portfolio. Different product management tools have been developed that embed sustainability and enable better measurements of our sustainability progress.

Our Kolo Nafaso program in West Africa is a good example of how we are making a positive impact to reduce poverty, as we pre-finance more than 353,000 women and working with them to improve their livelihoods. Another example is our increased volumes of RSPO-certified solutions and our efforts in deforestation monitoring, which contribute to end deforestation and protect ecosystems.

Overall, our aim is to provide our go-to-market teams with a solid foundation to increase the demand for better solutions, and to transform our product portfolio so that it has a greater positive impact on Sustainable Development Goals 1, 3 and 13, or a less negative impact on goals 12, 13 and 15.



# Enhancing our contribution to the SDGs

**AAK is committed to enhancing sustainable development through our solutions, and in doing so increase our contribution to the Sustainable Development Goals (SDGs).**

We measure our progress through the revenue from our solutions that is contributing to the SDGs. During 2021, these solutions represented 31 percent of our revenue, connected to Kolo Nafaso, RSPO-certified

palm, infant formula, animal feed, candles, and our solutions for plant-based foods.

Sustainable development is driven by raised consumer expectations. Consumers are increasingly guided by ethical concerns while making purchase decisions, a trend that is expected to gain further momentum in the near future. In this perspective, it is therefore of particular importance that we continuously evaluate

current sustainability trends, stay updated with new market demands, and use this knowledge together with our experience to develop new solutions that enhance our contribution to sustainable development. Our ambition is currently connected to five Sustainable Development Goals, as demonstrated below.

## Sustainable Development Goals connected to our solutions

<p><b>1</b> NO POVERTY</p>	<p><b>3</b> GOOD HEALTH AND WELL-BEING</p>	<p><b>12</b> RESPONSIBLE CONSUMPTION AND PRODUCTION</p>	<p><b>13</b> CLIMATE ACTION</p>	<p><b>15</b> LIFE ON LAND</p>
<p>TARGET 1-2</p> <p>REDUCE POVERTY BY AT LEAST 50%</p>	<p>TARGET 3-2</p> <p>END ALL PREVENTABLE DEATHS UNDER 5 YEARS OF AGE</p>	<p>TARGET 12-5</p> <p>SUBSTANTIALLY REDUCE WASTE GENERATION</p>	<p>TARGET 13-3</p> <p>BUILD KNOWLEDGE AND CAPACITY TO MEET CLIMATE CHANGE</p>	<p>TARGET 15-2</p> <p>END DEFORESTATION AND RESTORE DEGRADED FORESTS</p>



Contributes to:



## Enabling a deforestation-free claim with ILLEXAO™ SC 70

Consumer focus on sustainability has never been as acute as now. As demonstrated at COP26 in November 2021, deforestation-free ranks as one of the most important issues next to climate change and air pollution. Meanwhile, raised consumer awareness is putting pressure on producers to ensure a supply of deforestation-free end products.

There is a need for chocolate manufacturers to transform the supply chains of their different ingredients, such as plant-based oil blends, in order for them to support a solid deforestation-free claim. Still, the existence of numerous different certifications creates complexity and causes consumer confusion, highlighting the need for clear communication. As a consequence, deforestation-free messaging and labeling should be made easily available in consumer brand communication.

After having scanned the supply chains for appropriate certification standards, AAK has chosen the ones deemed most suitable, reliable, and scalable for the purpose of helping our customers to make clear consumer communication. Based on ISCC-certified shea and RSPO-certified palm, AAK is able to support a deforestation-free claim for our highly functional ILLEXAO™ SC 70, a plant-based solution used for chocolate and confectionery.

Our concept can be applied to other solutions as well, and by supporting the market uptake for certified solutions, we help our customers conduct clear consumer communication.





## Growing our portfolio of solutions that contribute to sustainable development

**As we are experiencing an increasing demand for responsibly sourced oils derived from renewable sources as alternatives to fossil-based ingredients, we see a growing potential for our plant-based solutions.**

We continuously work to improve our customers' knowledge and awareness of our plant-based alternatives, and we are well positioned to drive transformation in various customer segments to meet the increasing demand for such solutions.

Our candle wax solutions provide a good example of where we use plant-based oils and fats in response to an increasing demand for fossil-based ingredient alternatives.

The main raw material in the candle industry is still paraffin, a side fraction from the refining of crude oil (fossil oil).

Our co-development approach can support our customers in overcoming the challenges with a switch from paraffin to renewable waxes.

With our technical expertise and long experience, we are very well positioned to help drive the technology transformation and progress towards our ambition, to have 50 percent of our revenue connected to the SDGs by 2050.



AAK WaxWorks Lab™, Louisville, Kentucky, USA

# Making a positive climate impact through plant-based foods

Plant-based foods has been identified as a “bet for the future” in AAK’s corporate strategy. We believe people should be able to enjoy healthy, sustainable plant-based foods without sacrificing taste and texture. AkoPlanet™ is our platform for plant-based foods, and we harness 150 years of experience in plant-based oils and fats so that people who choose a plant-based lifestyle can enjoy the foods they love without compromise.



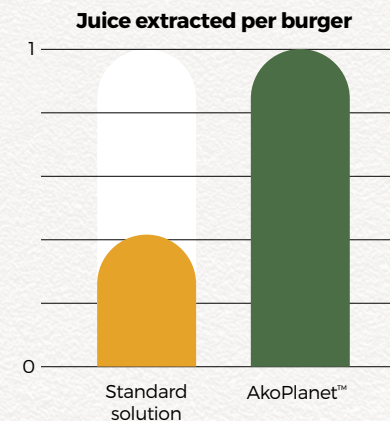
As consumers are trying to reduce their meat and dairy intake, mainly due to health and environmental concerns, vegan, vegetarian, and flexitarian diets have rapidly moved into the mainstream. The transition to eating plants instead of animals is crucial for our planet. By supporting our customers to get people to eat more plant-based foods, AAK intends to take part in this transition and contribute to a more sustainable food system.

Given that one of the most important factors when eating plant-based foods is taste, the future growth of the plant-based industry will depend on the eating experience in comparison with animal alternatives. The development of plant-based foods is bringing unique challenges and opportunities to food producers. Our dedicated go-to-market teams work together with our customers to meet the needs of consumers as well as support them in their company missions. Together, we create the desired sensory experience and nutritional profile and make sure that the sustainability credentials are met. An example of this is our juicier burger solution.

## Juicier plant-based burgers aligned with consumers' expectations

Everyone loves a tasty, juicy burger, but securing the same experience when opting for plant-based alternatives can be challenging. That is where our AkoPlanet™ solutions come into play.

Lack of succulence is one of the top taste barriers when it comes to enjoying vegan burgers, and here, fat plays a critical role. Burgers made with AkoPlanet™ are not just tastier and juicier, our experts have also found the balance between boosting succulence while enabling saturated fat reduction as illustrated in the graph below.







Through AkoPlanet™, we truly seek to play our part in a more sustainable food system. Made with traceable raw materials, we work with our customers to create solutions that are good for people and planet, and that can increase the demand for plant-based foods. During 2021, we saw a continued strong consumer and customer interest in plant-based foods, which is also reflected in the significant growth that the segment experienced during 2021, indicating a great potential for the future.

With AkoPlanet™, we are committed to a long-term journey towards sustainable, healthy plant-based food choices.

Everything we do is about making great-tasting, plant-based foods made with health in mind and with love for people, plants, and the planet.



# Reporting framework

## About the AAK Sustainability Report

This is AAK's thirteenth, stand-alone Sustainability Report covering our activities from January 1 to December 31, 2021. It is prepared in accordance with the GRI Standards 2016, Core option, and adapted to comply with the Swedish Annual Accounts Act based on the Directive 214/95/EU rules on disclosure of non-financial and diversity information by large companies.

### Reporting scope

The scope of this report encompasses the AAK Group, including production sites, administrative offices, sales offices, Customer Innovation Centers, and sourcing operations. In 2021, AAK acquired BIC Ingredients, a lecithin business in the Netherlands, and the remaining 20 percent of Soya International Ltd. in the UK. Aside from these, there have been no other mergers and acquisitions during the last calendar year.

The scope of raw materials has been identified together with our partner Proforest and based on volumes, position in supply chain, and risks. The scope of environmental data includes all operational sites in AAK and core data related to social disclosures, such as employees, gender composition, and age, includes AAK sourcing, sales, and purchasing offices. Data covering our operations are calculated per December 31, 2021. The scope and completeness of this is continuously reviewed to include relevant activities.

Please find the auditor's opinion on the statutory sustainability report on page 85.

### Onboarding of new sites

Aligning new sites with AAK's sustainability standards is an important part of their integration and for AAK's responsible growth. Each onboarded site will have a sustainability team that will be invited to the global sustainable operation community, also called "Better Operations", to be part of benchmarking and best practice sharing. In 2021, we introduced our colleagues in Russia to our community, and included it in our data and sustainability progress work.

### Methodology and restatement of information

In line with the Greenhouse Gas Protocol financial control approach, the environmental data in this report refers to the production sites that had been fully operational for a full reporting year, and have a significant impact relative to AAK's total GHG emissions.

### Data management and quality

This report contains results traceable to recorded evidence and based on local calculations that are then compiled at a global level. Some data errors were identified during the validation process, mostly minor ones, which were not considered significant enough in order to correct data reported in previous years.

### How to get a copy of the report?

The AAK Sustainability Report is available in English and Swedish and can be accessed via [www.aak.com](http://www.aak.com). To obtain a printed copy, please contact Corporate Communications at [comm@aaak.com](mailto:comm@aaak.com).

For questions regarding the report, please contact [sustainability@aaak.com](mailto:sustainability@aaak.com).

## Restatement of information

### Water consumption

Prior to 2020, AAK's water consumption was calculated as a sum of municipal water and groundwater volumes. From 2020 and onward, water consumption calculation has been modified to include volumes of seawater and surface water in line with GRI 303-5. Seawater and surface water are withdrawn exclusively for cooling purposes and discharged to the same source from where it was withdrawn. Consequently, calculation of water consumption has been redefined as the difference between withdrawn water and discharged water. Water consumption data up until 2020 is therefore not comparable to the period thereafter.

### Waste

In 2020, AAK started to report volumes of by-products separately from waste statistics. Waste is reported according to GRI Standard 306 (2016). Volumes of waste before 2020 are therefore not comparable to the period thereafter. The comparable period starts in 2020 and is inclusive of years 2020 and 2021.

### GHG emissions

During 2020, AAK committed to set science-based targets. Year 2019 has been chosen as base year to represent the most recent inventory, reflecting activities not largely affected by the pandemic.

Scope 1 involves AAK's direct GHG emissions from energy use. Scope 2 involves AAK's indirect GHG emissions from purchased energy, and scope 3 involves GHG emissions beyond scope 1 and 2. All GHG data reported are provided in CO<sub>2</sub> equivalents, including global warming potential from CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O, HFCs, PFCs, SF<sub>6</sub>, and NF<sub>3</sub>. Direct biogenic emissions are reported in GRI Index disclosure 305-1.

#### Scope 1

The scope 1 emissions are calculated from fuel consumption and associated heating values and emission factors. Combustion from AAK's own vehicles, smaller working machines, and fugitive emissions are included in the GHG inventory. The GHG biogenic emission factors have been defined with support from an external party. Emission factors for biogenic emissions were sourced from the UK Department for Environment Food & Rural Affairs (DEFRA).

#### Scope 2

This is the third year that AAK has disclosed scope 2 indirect emissions in GRI Index 305-2, both market- and location-based. The scope 2 data used to compare the GHG intensity rate during 2012–2018, was emissions based on ecoinvent version 3.5<sup>1)</sup>. The grid-average emission factors were utilized in the

location-based accounting. For markets without a system of guarantees of origins for electricity, AAK has used the grid-average emission factors also for the market-based calculations. For more information, please see GRI Index 305-2.

#### Scope 3

During 2021, AAK revisited the scope 3 greenhouse gas screening<sup>2)</sup>, with support from a third party, in order to progress on setting science-based targets. The scope 3 screening, based on 2019 data, still show that about 95 percent of the emissions in the supply chain are connected to scope 3. In 2021, AAK suppliers were engaged to co-create AAK's emissions inventory, and requested to complete their climate questionnaires in the Carbon Disclosure Project. The initiative provided valuable insights for our scope 3 target-setting. In order to ensure alignment with these insights, best practices, and standards, AAK will continue to work on scope 3 target-setting and roadmaps for the raw materials during 2022, aiming for an approved target in line with FLAG<sup>3)</sup> by the end of the year.

<sup>1)</sup> Ecoinvent is the world's leading LCI database in terms of inventory data for complete supply chains. Version 3.5 features more than 2,000 new, revised, and updated datasets across five sectors as well as improved representations of supply chains. It was released on August 23, 2018.

<sup>2)</sup> The greenhouse gas screening is a GHG Protocol requirement and is also required according to the Science Based Targets methodology.

<sup>3)</sup> FLAG (Forest, Land, and Agriculture Science Based Target Setting Guidance. Required as from September 2022).

## Collaboration and transparency

**Embedded into our purpose is a strong belief that collaboration and transparency is the way forward when dealing with sustainability. We make every effort to ensure that we are a responsible, trust-worthy supplier. Our ability to ensure trust relies on our efforts to collaborate and provide evidence of compliance with standards, rating platforms, and product information.**

### Food safety standards

Overall, we take a proactive approach by investigating upcoming legislation, scientific progress, and the priorities of the food safety agencies, with the goal of identifying issues that could become emerging customer requirements. We provide visibility to our customers related to the progress made on emerging issues, and we stay fully committed and engaged in searching for and implementing mitigation solutions.

AAK uses its influence in the supply chain to ensure implementation of these principles, working collaboratively with our suppliers to ensure continuous improvement, especially on potential substances of concern, such as MOSH-MOAH. This is done by thorough root cause analyses of the issues, committed cooperation with selected suppliers of strategic raw materials, and involvement in process control, especially the application of food-grade lubricants.

All AAK plants are certified in accordance with internationally recognized food safety standards and audited by third parties. Critical Control Points (CCPs) are identified, monitored, and recorded, and our food safety management system is frequently audited by local audit teams. Products are not released for delivery before the local Quality Control function has verified that food safety and product specification requirements are met.

### ISO 9001 and ISO 14001

AAK sees great value in quality (ISO 9001) and environmental (ISO 14001) certification. These certifications create solid management systems to drive progress towards our quality and environmental goals. The annual evaluation of the AAK Group Environmental Policy has revealed an opportunity to increase focus on the number of ISO 14001-certified sites going forward. Work is ongoing to drive the implementation across our operations, with the aim to have all sites certified accordingly.

### Sedex Members Ethical Trade Audit

Sedex Members Ethical Trade Audit (SMETA) is one of the world's most widely used ethical audit formats. It assesses the company's systems, documentation, and facilities against the Ethical Trade Initiative (ETI) Base Code as well as local laws. The audit, lasting up to four days, is carried out on-site by accredited third-party auditors. In 2021, 86 percent of AAK's sites were SEDEX members and the aim is that all relevant sites in scope should follow Sedex including regular SMETA audits.



### EcoVadis

EcoVadis is a platform that allows companies to monitor the sustainable performance of their suppliers. This enables us to focus on the AAK management system and how we can make further improvements. AAK is assessed on environment, labor practices, fair business practices, and sustainable procurement. We were awarded a gold rating during 2021.

## Product information

It is of utmost importance that we make every effort to provide sufficient information about the solutions we sell.

Besides Food Safety Management certificates, AAK also provides information sheets, including the following:

- **Product Data Sheet:** This contains information related the characteristics of the product, area of application, nutritional values, shelf life and recommendation for storage, list of ingredients, declarations about allergens, GMOs, labeling, packaging type, and country of origin.
- **Material Safety Data Sheet (MSDS):** This relates to safety issues, often concerning transport and legal requirements for products sold for technical purposes or other industries than food/feed.
- **Product specification:** This contains sensorial and physical-chemical characteristics of the product, ingredients declaration, statements about the presence of allergens, GMOs, and shelf life, which are often part of purchasing contracts.
- **Product Manufacturing Information:** This contains similar information as product specifications, but with the addition of food safety limits and specific information about the production site.
- **Certificate of analysis:** This is provided with the delivery of each product batch, offering traceability information and often the results of the verification tests. The certificate is produced by a local AAK laboratory and confirms its compliance with agreed product specifications.

### Accredited third-party certification of AAK production plants

- **100** percent of AAK's plants are certified to one or more internationally recognized food safety standards (FSSC 22000/ISO 22000/BRC)
- **100** percent of our plants handling palm oil are RSPO Supply Chain certified
- **86** percent of our plants are members of Sedex and have passed the ethical audit SMETA
- **52** percent of our plants are ISO 9001 quality management certified
- **25** percent of our plants are ISO 14001 environment certified
- **14** percent of our plants are ISO 5001 energy certified
- **ISCC** – 5 out of 6 gathering points are ISCC-certified. Our plant in Aarhus, Denmark is ISCC-certified for processing of shea kernels

In addition, various production plants are also certified according to other standards, such as energy (ISO 50001:2011, organic products (KRAV and SKAL), kosher, including Badatz, and Halal.

## The AAK House of Sustainability – our approach to sustainable value creation

The AAK House of Sustainability is a sustainability framework that portrays how our sustainability work is organized and set towards our purpose, Making Better Happen™. The framework supports a strong integration of sustainability into the AAK business model and strategy, with the aim to embed sustainability from plant to brand and strengthen our position as the first choice for plant-based oil solutions.



We support international sustainability standards and frameworks

- UN Global Compact (UNGC)
- The OECD Guidelines
- The ILO Core Conventions
- The UN Guiding Principles on Business and Human Rights
- Global Reporting Initiative (GRI)

During 2022, we will continue to analyze our business in relation to the EU Sustainable Finance Action Plan and the EU Taxonomy, to make sure our future reporting is continuously in line with upcoming legislation and requirements on ESG data from investors and owners.

Our House of Sustainability helps us to prioritize our actions and live up to our ambitions and commitments. It has a strong connection to those of the UN Sustainable Development Goals that are critical for our business, and to our ambition of fulfilling the Paris Agreement. The framework is supported by a clear structure for governance and accountability, based on three focus areas: Better Sourcing, Better Operations, and Better Solutions.

Our overall ambition is to manage ESG risks and create a positive sustainability impact that goes beyond the scale of our operations and value chain. Each year, we engage with key stakeholders and review upcoming legislation to understand what is important and to ensure we have the right level of ambition.

Each focus area includes three commitments followed by ambitions that demonstrate how we prioritize our activities for sustainable development. Our commitments are aligned with our most material topics and the SDGs to make sure we drive progress and manage both risks and opportunities (please read more on how we manage our sustainability performance on pages 66–67).

### Better Sourcing

Through Better Sourcing, we engage to transform within our supply chain and we go the extra mile to implement continuous improvement programs. We regularly work with our suppliers to verify that raw materials are produced in a sustainable way to

protect biodiversity and ecosystems, and to reduce our environmental impact while safeguarding human rights and improving the livelihoods of smallholders and women.

### Better Operations

Better Operations embodies the responsibility that comes with being a processing company, and helps us to create a safe and inclusive working environment that is more resource- and climate-efficient, and that supports the community.

### Better Solutions

Better Solutions enhances activities that drive the demand for sustainable solutions, creates a stronger pipeline of innovation, and incorporates sustainable development in the way we measure our performance. Through better solutions we play an active role for a more sustainable future.

### Our value-adding approach

We are confident that our sustainability framework supports our aim to do better by minimizing our environmental impact, and to be a force for good in the societies we connect with through our supply chain, production sites, and products. We will continue to assess and improve the effectiveness of our approach, making sure it provides value. During 2021, we experienced that our House of Sustainability has provided structure, clarity, and results. It is all about Making Better Happen from plant to brand.



## ESG governance and management approach

**AAK's sustainability work is implemented via existing structures to embed our commitments and ambitions, and manage risks and opportunities from plant to brand, as demonstrated in our House of Sustainability and in our ESG management approach presented below.**

### ESG governance

AAK's Board of Directors has the overall responsibility for the company's sustainability progress and performance. The Board of Directors is informed regularly on sustainability, including climate-related performance, and AAK's progress against set objectives and targets, risks, and opportunities. The Board of Directors also approves the Sustainability Report.

The Audit Committee deals with risk management, the integration of AAK Group procedures as well as with monitoring and following up on policies and codes and their implementation in the organization. Instances of non-compliance with policies, codes, and corrective actions taken are presented to the Audit Committee when relevant.

The main role of the Remuneration Committee is to assist and advise the Board on matters relating to the remuneration of the Board and senior management. This ensures that we can retain our executives and that AAK can attract the best talent in the market. In 2021, ESG targets became a qualifier for the Executive Committee's remuneration.

### Sustainability management

The Executive Committee has the operational responsibility for AAK's sustainability progress and performance. The responsibility for sustainability, environmental, social, and climate-related commitments and ambitions are delegated from Board-level down to Executive Committee-level and further cascaded to the management of the organization. Regular Executive Committee meetings are held where progress and necessary actions related to sustainability are reviewed.

The Chief Strategy & Sustainability Officer (CSSO) is a member of the Executive Committee and reports to the Board on sustainability matters. With responsibilities including sustainability, corporate strategy, and people, the Chief Strategy & Sustainability Officer takes a holistic approach, involving internal and external stakeholders, to drive the sustainability strategy.

### Better Sourcing

Our Better Sourcing commitments and ambitions are guided by the AAK Group Code of Conduct, the AAK Group Policy Sustainable Palm Oil, and the AAK Group Code of Conduct for Suppliers of Raw Materials, risk assessments, supplier assessment tools, dashboards, and procedures for due diligence. Active dialogue and engagement with suppliers and farmers are important tools in our improvement work.

Activities are continuously monitored together with our Sourcing & Trading team, driven by our Responsible Sourcing Managers together with specialist forums such as raw material task forces. Performance is continuously followed up on by our Global Sustainability and Global Sourcing teams.

### Better Operations

Our Better Operations commitments and ambitions are guided by the AAK Group Code of Conduct and the AAK Group Environmental Policy, human rights impact assessments, risk assessments, reporting tools, certifications, and audits.

Activities are continuously monitored in cross-functional local sustainability teams that have regular global meetings managed by the Global Sustainability Manager. These meetings are arranged to exchange best practice and drive progress. Performance is continuously followed up on by our Global Sustainability, Global Operations, and Human Resources teams.

### Better Solutions

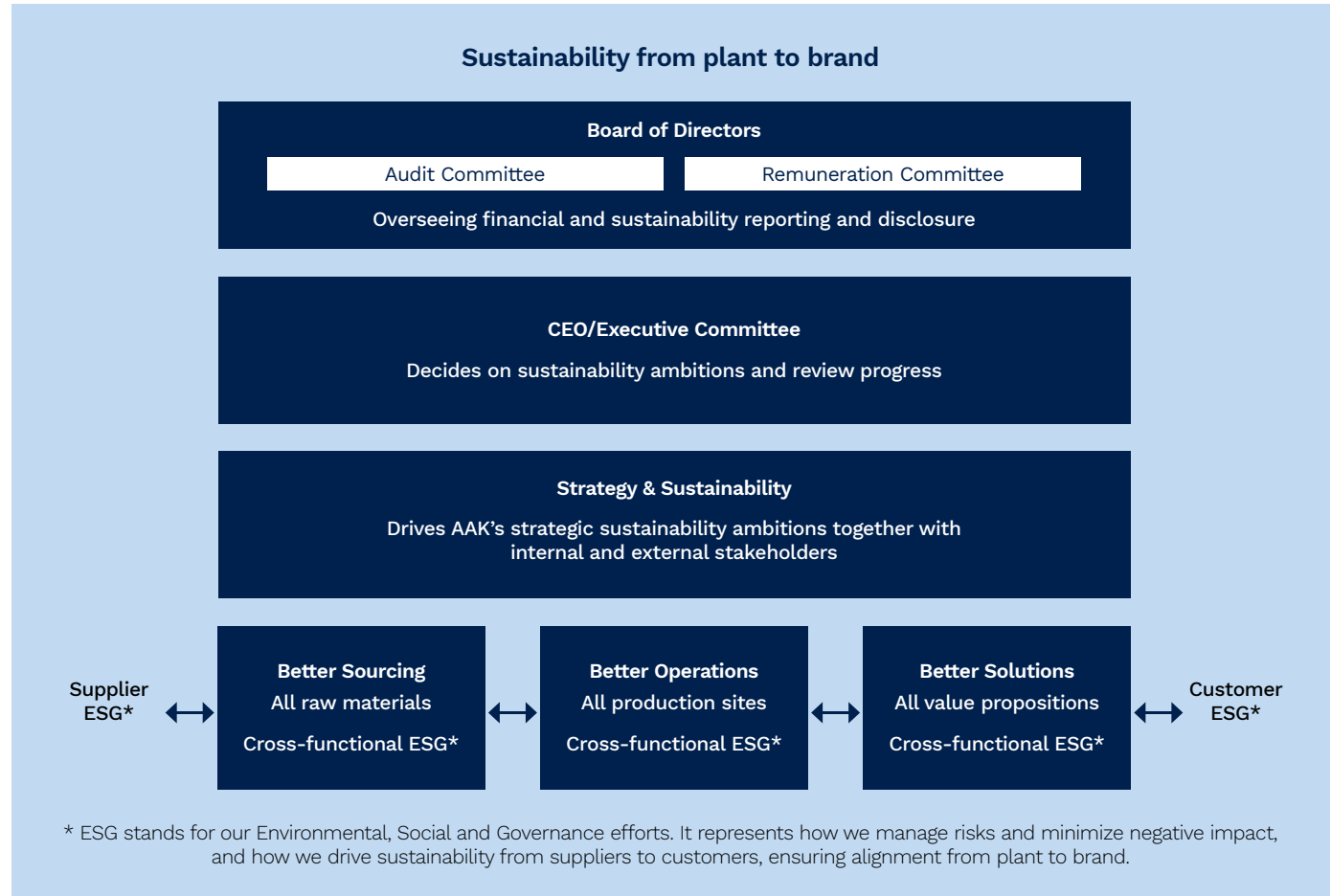
Our Better Solutions commitments and ambitions are guided by the AAK Group Code of Conduct for Agents and Distributors, certifications, standards, and product governance procedures such as approval processes and customer complaints systems. The go-to-market teams work closely with internal stakeholders both in responsible sourcing and in production to ensure product governance.



Activities are continuously monitored with insights from customer surveys and interviews. Our co-development process supports better solutions by impact assessments and product master data to measure progress.

**Evaluating our management approach**

The effectiveness of our current ESG management approach has proven instrumental in driving progress, especially since it is also aligned with our model to drive progress – the House of Sustainability. AAK has identified one key opportunity going forward, which is to focus more on our compliance control program, to strengthen our capability to impact and drive positive change.



## Stakeholder engagement

**AAK conducts stakeholder analyses to ensure the relevancy and accountability of our sustainability work, and to stay ahead of evolving expectations of our stakeholders. This process allows us to engage and mobilize internally, and to identify our most significant topics, both positive and negative, ensuring a unified approach at all levels of the organization.**

### The stakeholder analysis 2019

The stakeholder analysis process in 2019 started with a determination of which key stakeholders that should be engaged in the analysis. Stakeholders included in the analysis were identified based on mutual dependency and valuable relevant expertise (such as trade organizations), close relationships with the company (employees and company decision-makers), an ability to directly influence the company and having an important relationship with AAK (customers and investors), an ability to make an impact in our value chain (suppliers of raw materials and packaging), and stakeholders important to AAK's corporate citizenship (municipalities). Individuals with expert knowledge involved with NGOs, RSPO and marginalized communities and farmers were also included as external stakeholders.

### Transparent dialogue

In order to enable a transparent approach, the survey and dialogues were conducted with the support from an experienced third party. With the goal of capturing a broad perspective, the stakeholder survey was composed of both quantitative questions and qualitative interviews based on a list of significant topics considered most relevant for AAK's progress on

sustainability. The quantitative portion of the survey involved respondents rating the significant topics based on perceived importance as part of our Global Reporting Initiative (GRI) process. The qualitative portion of the survey gave AAK further insight into our stakeholders' ambitions, including evaluations of AAK's ongoing sustainability work, and suggestions for how we can improve in order to meet expectations in the future.

### The stakeholder analysis matrix

The quantitative section of the survey was based on 31 significant topics initially taken from AAK's previous stakeholder assessment. In order for the analysis to capture both internal and external perspectives, a matrix was constructed based on the topic ranking of external stakeholders in relation to the corresponding ranking by local sustainability teams and other internal stakeholders. This made it possible for the analysis to capture both the perspective of AAK and external stakeholders, with a special focus on the topics listed as very important (see Sustainability Report 2019).

### Key topics raised

Overall, AAK received valuable feedback regarding both what we do well and what we can improve. The top three topics raised by key stakeholder groups (consisting of customers, investors, and suppliers) were: prevention of deforestation, reduce environmental impact throughout our supply chain, and achieving resource efficiency. Other significant topics raised where to promote employee development, prevent harassment, and to initiate an active whistleblowing system that concerns all parts of the supply chain.

The feedback we received from the in-depth interviews (with both customers and investors) was that we should be more transparent regarding our supply chains. Specifically, respondents suggested that we should further increase our efforts related to traceability.

### Management engagement and prioritization

After identifying the topics most significant to our stakeholders, AAK engaged the top 100 leaders of the organization in several workshops to discuss how to meet these expectations. The result was presented to the Executive Committee, clustered according to categories, and aligned with AAK's sustainability ambitions and supporting key performance indicators. These ambitions were further adjusted during 2020 to be aligned with our purpose – Making Better Happen – and to reflect developments in legal requirements, insights from continuous customer deep-dive interviews, and investor feedback. Based on this exercise, it was evident that the materiality analysis conducted in 2019 still is highly relevant but that we needed to raise our ambitions overall related to deforestation, human rights, and greenhouse gas emissions, which has been the focus during 2021.

### Progressing on key topics determined by the materiality matrix 2019

This report is prepared in line with the 2019 stakeholder analysis, which has been guiding our activities during the last couple of years.

AAK has progressed on significant key topics raised. Please find references to the last materiality analysis and progress described in the table on the next page.

Material topic	House of Sustainability pillar
<b>Responsible sourcing of raw materials</b>	
Offer traceability of products (pages 15, 18, 24 and 53)	
Working conditions and livelihoods of smallholders (pages 16, 22 and 24)	
Reduce GHG emissions throughout supply chain (pages 20, 41, 61 and 65)	Better Sourcing
Reduce environmental impact, including deforestation and biodiversity (pages 17, 18 and 21)	
<b>Resource efficiency</b>	
Take active steps towards minimizing external risks caused by climate change (pages 9 and 41)	
Reduce greenhouse gases throughout operations (page 41)	Better Operations
Continuously work to achieve energy efficiency (page 43)	
Assess environmental impact of products throughout entire product life cycle (pages 50, 53, 54, 57 and 59)	Better Operations Better Sourcing Better Solutions
<b>Governance</b>	
Promote employee competence and career development (pages 50, 53, 54, 57 and 59)	
Prevent harassment throughout operations (pages 25, 36 and 39)	Better Operations
Active whistleblowing system that concerns all parts of supply chain (page 37)	
Ensure compliance with the AAK Group Code of Conduct throughout operations and business relationships (pages 15, 16, 25, 36, 37, 39 and 70)	Better Operations Better Sourcing Better Solutions

### Next steps

At the end of 2021, AAK initiated a new stakeholder survey and analysis to ensure we stay on top of our key stakeholders' expectations, and to guide our strategic journey going forward.





The 2021 stakeholder survey was conducted with support from an experienced third party to ensure an objective approach and best practice methodology. Stakeholders included in the analysis were identified based on the same approach as during 2019, however, AAK made extra efforts during 2021 to capture valuable insights from carefully selected experts and academics from relevant fields of sustainability, i.e. science, agriculture, and human rights. The experts assessed AAK's impact on 25 significant topics that had been aligned with the SDG impact assessment conducted in 2020.

The results from the stakeholder survey and expert input will be mapped in a matrix that represents judgments on importance and impact by relevant stakeholders. The result will be further processed during 2022 and will form the basis for the management engagement and prioritization step, that will continue to shape our focus going forward.

\* Please see page 65 in AAK's Sustainability Report 2019 for more information related the stakeholder analysis conducted 2019.

## Our commitment to the UN Global Compact

Since 2003, AAK actively supports the United Nations Global Compact (UNGC) with the commitment to the Ten Principles and strategic action in advancing the UN Sustainable Development Goals. References to steering documents, policies, and procedures, as well as initiatives and outcomes that demonstrate the UNGC Ten Principles are listed below.

	Principles	References
 <p><b>Human rights</b></p>	<ol style="list-style-type: none"> <li>1 Businesses should support and respect the protection of internationally proclaimed human rights; and</li> <li>2 Make sure that they are not complicit in human rights abuses.</li> </ol>	<ul style="list-style-type: none"> <li>• AAK Group Code of Conduct communicates our stand on human and labor rights to employees and requirements are cascaded in Supplier, Agent and Distributor Codes of Conducts. The Code shall be signed by all AAK employees, suppliers, agents and distributors (see pages 15, 16, 25, 37 and 39).</li> <li>• A whistleblowing function is established to support employees and enable them to voice their concerns. In 2021, a human rights risk assessment was initiated. 100 percent of our sites where risk-assessed, salient issues identified, and plans initiated (see page 37).</li> </ul>
 <p><b>Labor rights</b></p>	<ol style="list-style-type: none"> <li>3 Businesses should uphold freedom of association and the effective recognition of the right to collective bargaining;</li> <li>4 The elimination of all forms of forced and compulsory labor;</li> <li>5 The effective abolition of child labor and;</li> <li>6 The elimination of discrimination in respect of employment and occupation.</li> </ol>	<ul style="list-style-type: none"> <li>• Labor rights are addressed in AAK's Group Code of Conduct. AAK recognizes the rights of its workers to freedom of association and collective bargaining, including the right to freely form and join independent trade unions (see page 77).</li> <li>• Forced and compulsory labor is addressed in AAK's Group Code of Conduct and AAK's Group Code of Conduct for Suppliers of Raw Materials, and modern slavery issues are addressed in AAK's Statement on Modern Slavery Act (see pages 25 and 39).</li> <li>• AAK does not accept child labor as stated in the AAK Group Code of Conduct and AAK Group Code of Conduct for Suppliers of Raw Materials (see pages 16, 25 and 80).</li> <li>• AAK does not accept any form of discrimination as stated in AAK Group Code of Conduct. A diversity and inclusion team was established in 2020, a pilot diversity and inclusion campaign was conducted in the US during 2021, and a Diversity and Inclusion training program (focusing on unconscious bias) will be rolled out during 2022 (see pages 35, 36 and 80).</li> </ul>
 <p><b>Environment</b></p>	<ol style="list-style-type: none"> <li>7 Businesses should support a precautionary approach to environmental challenges;</li> <li>8 Undertake initiatives to promote greater environmental responsibility;</li> <li>9 Encourage the development and diffusion of environmentally-friendly technologies.</li> </ol>	<ul style="list-style-type: none"> <li>• AAK supports the precautionary approach to environmental challenges and works to strongly embed environmental considerations from plant to brand (see pages 17–21, 40–45, 52–55 and 60–63).</li> <li>• AAK continuously works to increase awareness about environmental responsibility (see pages 31, 40, 44, 50, 56 and 58).</li> <li>• Best practice, best available technology, benchmarking, and scalable solutions are measures applied to achieve AAK ambitions (see pages 40 and 43).</li> </ul>
 <p><b>Anti-corruption</b></p>	<ol style="list-style-type: none"> <li>10 Businesses should work against corruption in all its forms, including extortion and bribery.</li> </ol>	<ul style="list-style-type: none"> <li>• Anti-corruption is addressed in AAK's Group Code of Conduct, the Group Supplier Code of Conduct, the Group Code of Conduct for Suppliers of Raw Materials, and the Group Code of Conduct for Agents and Distributors (see pages 16, 37 and 38).</li> <li>• Mandatory e-learning modules on anti-corruption is conducted involving relevant target groups. Anti-corruption is an integral part of the AAK evaluation and audit procedures of suppliers (see page 39).</li> </ul>

## Key memberships that safeguard the interests of the industry

National associations		International associations
• The Netherlands Oils, Fats and Oilseeds Trade/NOFOTA	• The Swedish-American Chambers of Commerce/SACC	• Founding member of the Roundtable on Sustainable Palm Oil (RSPO)
• The Association of Dutch Oil Processing Industries/Vernof	• The Institute of Shortening and Edible Oils/ISEO	• Founding member of the Global Shea Alliance (GSA)
• The Product Board Margarine, Fats and Oils/MVO	• The American Fats and Oils Association/AFOA	• The EU Oil and Proteinmeal Industry/FEDIOL
• The Confederation of Danish Industry/DI	• The National Confectioners Association/NCA	• The Federation of Oils, Seeds and Fats Association/FOSFA
• The Association of Danish Oil and Oilseed Processors/ADOP	• The Uruguayan Chamber of Industries/CIU	• FoodDrinkEurope
• Asociación Nacional de Industriales de Aceites y Mantecas Comestibles/ANIAME	• The National Federation of Palm Oil Growers/FEDE-PALMA	• The European Oleochemicals and Allied Products Group/APAG
• Confederación Patronal de la República Mexicana/COPARMEX	• The Vanaspati Manufacturers Association/VMA	• The National Institute of Oilseed Products/NIOP
• Asociación de Industriales del Estado de Michoacán/AIEMAC	• The Solvent Extractors Association/SEA	• Plant Based Food Association
• The Swedish Food Federation/LI	• The Protein Foods and Nutrition Development Association of India/PFNDAI	• MISTA
• The Swedish Plastics and Chemicals Federation/P&K	• The Association of Food Scientists and Technologists of India/AFSTI	
• The Seed Crushers' and Oil Processors' Association/SCOPA	• Good Food Institute, India	
• The National Edible Oil Distributors Association/NEODA	• The Institute of Food Technologists/IFT	
• The Association of Bakery Ingredient Manufacturers/ABIM		

## Global Reporting Initiative (GRI)

GRI is a network-based organization that pioneers the world's most widely used sustainability reporting framework. The reporting framework sets out the principles and performance indicators that organizations can use to measure and report their economic, environmental, and social performance.

The framework also addresses the United Nations Global Compact principles and the OECD's Guidelines for Multinational Enterprises. The Core disclosures are mandatory and the topic-specific disclosures identified in the materiality analysis are highlighted in the below GRI Index as "Significant topics". AAK has also chosen

to disclose information related to a few more topics important for the company and also added references to the relevant Sustainable Development Goals (SDGs) during 2021.

See [www.globalreporting.org](http://www.globalreporting.org) for more information.

### GRI Content Index – disclosures

The GRI table is based on GRI Sustainability Reporting Standards 2016, unless specified otherwise in topic specific disclosures.

● Significant topic    ● Important topic    ○ Disclosure omission

Disclosure	SDG sub-target	Disclosure description	Page number and comments
<b>GRI 102: General Standard Disclosures 2016 (CORE)</b>			
102-1		Name of the organization	AAK AB (publ.)
102-2		Activities, brands, products, and services	Pages 4–7
102-3		Location of headquarters	Page 4
102-4		Location of operations	Pages 4–5
102-5		Ownership and legal form	Pages 50–51 and 96-98 in AAK Annual Report 2021
102-6		Markets served	Pages 4–5
102-7		Scale of the organization	Page 4
102-8		Information on employees and other workers	Pages 4 and 36
102-9		Supply chain	Pages 7, 12–27
102-10		Significant changes to the organization and its supply chain	The direct sourcing program in Burkina Faso, Ghana and Ivory Coast further expanded. The direct sourcing program in Nigeria has been discontinued. No outsourcing has taken place in 2021 and no changes have been made to the supplier selection and termination criteria.
102-11		Precautionary principle or approach	AAK supports the Precautionary principle approach. See example on pages 50 and 52
102-12		External initiatives	Pages 22–23, 46–47 and 74
102-13		Membership of associations	Page 75
102-14		Statement from senior decision-maker	Pages 2–3
102-15		Key impacts, risks, and opportunities	Pages 7–9, 16, 33–34, 39–40 and AAK Annual Report 2021 pages 34–37

● Significant topic    ● Important topic    ○ Disclosure omission

Disclosure	SDG sub-target	Disclosure description	Page number and comments
102-16		Values, principles, standards, and norms of behavior	Pages 30–32 and 37–39
102-17		Mechanisms for advice and concerns about ethics	Page 37
102-18		Governance structure	Pages 68–71
102-40		List of stakeholder groups	Page 72
102-41		Collective bargaining agreements	Pages 74 and 81
102-42		Identifying and selecting stakeholders	Page 72
102-43		Approach to stakeholder engagement	Page 72
102-44		Key topics and concerns raised	Page 73
102-45		Entities included in the consolidated financial statements	Page 64
102-46		Defining report content and topic boundaries	Pages 8, 10, 14, 16, 30, 46, 65, 68, 70–71
102-47		List of material topics	Page 73
102-48		Restatements of information	Page 65
102-49		Changes in reporting	No significant changes were made in 2021.
102-50		Reporting period	Page 64
102-51		Date of most recent report	20-04-2022 (AAK Sustainability Report 2021)
102-52		Reporting cycle	Annually
102-53		Contact point for questions regarding the report	Page 64
102-54		Claims of reporting in accordance with the GRI Standards	Page 64
102-55		GRI content index	Pages 76–80
102-56		External assurance	Page 84

● Significant topic    ● Important topic    ○ Disclosure omission

Disclosure	SDG sub-target	Disclosure description	Page number and comments
<b>GRI 200 Standard: Economic Series 2016</b>			
103 1/2/3		<b>Anti-corruption 2016</b>	Pages 15, 37-38, 70 and 74
201-2	○	Financial implications and other risks and opportunities due to climate change	Page 41 and AAK Annual Report 2021 pages 34–37. Omission: Information not available. AAK has not disclosed the costs of actions to manage the risk or opportunity yet.
205-1	●	16.5 Operations assessed for risk related to corruption	Pages 15, 37–38 and 74
205-2	○	16.5 Communication and training about anti-corruption policies	Pages 38 and 81. Omission: Information not available – categorization according to employee category or region.
205-3	●	16.5 Confirmed incidents of corruption and actions taken	One incident of corruption took place during 2021. The incident involved one employee. An investigation and disciplinary measures were carried out.
<b>GRI 300 Standard: Environmental Performance 2016</b>			
301-1	●	Materials used by weight or volume	Pages 61 and 66. AAK used 2,749,155 tonnes of material to produce and package the organizations' primary products and services during 2021. 2,703,473 tonnes were of renewable (incl. raw material) and 45,682 tonnes were of non-renewable material.
101-1/2/3		<b>Energy 2016</b>	Pages 6-7, 31 and 42
302-1	●	7.2 7.3 12.2 Energy consumption within the organization	Page 43. Electricity, heating and steam consumption were 1,155,208 GJ, 22,756 GJ, 139,524 GJ, respectively. AAK sold 4194 GJ of electricity, and did not sell any heat, cooling or steam during 2021.
302-3	●	7.3 12.2 Energy intensity	Pages 43 and 81
302-4	○	12.2 Reduction in energy consumption	Pages 11 and 43. Omission: Information not available. Work is ongoing to improve the inventory of energy efficiency projects and increase granularity of data collection.
303-3	○	6.4 Water withdrawal by source (Water and Effluents 2018)	Page 44. No water withdrawal from areas with water stress reported during 2021.
303-5	●	6.4 Water consumption (Water and Effluents 2018)	Page 44. No water consumption from areas with water stress was reported during 2021.
101-1/2/3		<b>Biodiversity 2016</b>	Pages 9–10, 17, 21, 40 and 69
304-1	●	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	19 percent of AAK operational sites are located in or adjacent to protected areas and areas of high biodiversity value outside protected areas. Villavicencio (Colombia) is an operational site of 41,438 m <sup>2</sup> located in the freshwater ecosystem area protected by national legislation. Zhangjiagang (China) is a production site of 66,666 m <sup>2</sup> located in a freshwater ecosystem area protected by national legislation. Zaandijk (the Netherlands) is an operational site of smaller size located adjacent to a Natura 2000 area protected by legislation. Karlshamn (Sweden) is a production site of 260,000 m <sup>2</sup> located adjacent to a terrestrial ecosystem area protected by Natura 2000. Runcorn (United Kingdom) is a smaller production site located in maritime ecosystem protected by a Special Protected Area (SPA) under the EC Birds Directive.



● Significant topic    ● Important topic    ○ Disclosure omission

Disclosure	SDG sub-target	Disclosure description	Page number and comments
101-1/2/3		<b>Emissions 2016</b>	Pages 6–7, 11, 20–21, 28, 31, 40 and 64–65
305-1	13•3	Direct (scope 1) GHG emissions	Pages 41 and 64–65. Biogenic emissions were 31,419 tonnes CO <sub>2</sub> e in 2021. Methodology and data sources: IPCC, GHG Protocol* and DEFRA.
305-2	13.3	Energy indirect (scope 2) GHG emissions	Pages 41 and 64–65. During 2021, market-based and location-based scope 2 emissions were 74,351 and 18,632 tonnes CO <sub>2</sub> e, respectively. Methodology and data sources: IPCC and GHG Protocol*
305-4	13.3	GHG emissions intensity	The GHG emission intensity ratio is 101, expressed as GHG emissions per tonne of raw material, including scope 1 and 2. Development of GHG emissions are reported on a five-year scale (2017–2021). Methodology and data sources: IPCC and GHG Protocol*
305-5		Reduction of GHG emissions	Pages 41 and 69. Omission: Information not available. The reductions as a direct result of reduction initiatives are missing. This will be further defined going forward. Methodology and data sources: IPCC and GHG Protocol*
305-6		Emissions of ozone-depleting substances (ODS)	873.3 kg of total reported purchase of ODS during 2021. The increase in the amount of ODS stems from a newly acquired site in Russia, while several sites had shown progress on phasing out ODS. There is a global effort ongoing to ensure phasing out of ODS. Methodology and data sources: IPCC and GHG Protocol*
305-7	13.3	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	Page 41. Methodology and data sources: IPCC and GHG Protocol*
306-2	12.5 8.4	Management of significant waste-related impacts (Waste 2020)	Page 45. The information reported has been collected from the operational sites and their disposal contractors.
101-1/2/3		<b>Supplier environmental assessment 2016</b>	Pages 14-15 and 70
308-1		New suppliers that were screened using environmental criteria	Omission: Information unavailable. Suppliers in AAK are currently screened using regional systems. Plans are ongoing to establish a global system.

\* IPCC Fifth Assessment Report, 2014 (AR5): Intergovernmental Panel on Climate Change report AR5 provides an update of knowledge on the scientific, technical and socio-economic aspect of climate change. The IPCC AR5 is a reference to GWP and emission factors, using methodology of GHG Protocol Standards with centralized reporting of activity data in disclosures 305-1/2/4/5/6/7. The Greenhouse Gas Protocol: A standard designed to provide a framework for businesses, governments and other entities to measure and report their greenhouse gas emissions in ways that support their mission and goals.

● Significant topic    ● Important topic    ○ Disclosure omission

Disclosure	SDG sub-target	Disclosure description	Page number and comments
<b>GRI 400 Standard: Socio economic compliance 2016</b>			
403-9	● 8.8	Work-related injuries	Pages 11 and 33. In 2021, for other workers, no fatalities and 31 injuries were reported, out of which 4 lost time injuries.
101-1/2/3		<b>Training and Education 2016</b>	Pages 35–36 and 74
404-2	● 8.8	Programs for upgrading employee skills and transition assistance programs	Pages 22–23, 26, 32–33, 36, 74 and 81. The type and scope of educational programs during 2021 was e.g. emergency preparedness and workplace safety training for our production employees, as well as language, software and other soft skill training. An extensive leadership development program was launched globally. Food safety, HACCP, Pest management, traceability, FSSC and RSPO training. In Latin America transition assistance programs focused on hiring of interns and support to personnel who wish to change positions took place. In e.g. Aarhus, Denmark where we are giving extra days off and reduced work hours for seniors, including severance payment when leaving for retirement.
405-1	● 5.5 8.5	Diversity of governance bodies and employees	Pages 35–36 and 74
405-2	○ 8.5	Ratio of basic salary and remuneration of women to men	Omission: Information missing in terms of consolidated global ratio. AAK has a thorough process for each local region using Mercer salary benchmark. We follow up to ensure we do not have any remuneration gaps due to diversity reasons.
101-1/2/3		<b>Non-discrimination 2016</b>	Pages 25, 32, 36 and 74
406-1	● 8.8	Incidents of discrimination and corrective actions taken	Page 81. The case was investigated, and corrective actions taken.
408-1	●	Operations and suppliers at significant risk for incidents of child labor	AAK does not accept child labor and we are committed to ensure that workers are not exploited in forced or compulsory labor. No incidents of child labor were reported in AAK during 2021.
413-1	●	Operations with local community engagement, impact assessments, and development programs	Pages 11, 28–31, 46–47 and 81. During 2021, Covid related restrictions have further decreased engagement with the community. 43 percent of the sites engaged in local activities including support to local schools, green areas and vulnerable groups with donations and partnerships, as well as programs that have led to improved women empowerment, infrastructure, and increased employability. Going forward, AAK will continue to develop relevant community engagement programs.
101-1/2/3		<b>Supplier Social Assessment 2016</b>	Pages 14–15 and 70
414-1	○ 8.8	New suppliers that were screened using social criteria	Omission: Information unavailable. Suppliers in AAK are currently screened using regional systems. Plans are ongoing to establish a global system.

\* IPCC Fifth Assessment Report, 2014 (AR5): Intergovernmental Panel on Climate Change report AR5 provides an update of knowledge on the scientific, technical and socio-economic aspect of climate change. The IPCC AR5 is a reference to GWP and emission factors, using methodology of GHG Protocol Standards with centralized reporting of activity data in disclosures 305-1/2/4/5/6/7. The Greenhouse Gas Protocol: A standard designed to provide a framework for businesses, governments and other entities to measure and report their greenhouse gas emissions in ways that support their mission and goals.

## ESG indicators in our House of Sustainability

	Environmental (E) criteria	Status 2021	Social (S) criteria	Status 2021	Governance (G)	Status 2021
Better Sourcing	% verified deforestation-free palm	67	Number of women enrolled in Kolo Nafaso program	353,000	% of agents and distributors that signed the Code of Conduct for Agents and Distributors	95
	% Verified deforestation-free palm inside concessions	96	% Kolo Nafaso shea traceability to program level	100	% of coconut and shea suppliers that signed the AAK Code of Conduct for Suppliers of Raw materials	100
	% verified deforestation-free soy	30	Number of smallholders engaged excl. KN women	4,250	% of palm suppliers that signed AAK Sustainable Palm Oil Policy and Code of Conduct for Suppliers of Raw materials	96
	% traceability to mill (palm)	100	% supply chain risk assessed on human rights	100	% volume covered by signed AAK Sustainable Palm Oil Policy and Code of Conduct for Suppliers of Raw materials	100
	% traceability to plantation (palm)	81				
	Number of trees planted in the shea belt	46,000				
	Number of coconut trees planted	3,873				
	% traditional shea traceability to district level	100				
	% Kolo Nafaso shea traceability to program level	100				
	% coconut traceability to crushing plant	99				
Better Operations	Total amount of generated CO <sub>2</sub> e (scope 1+2) (tonnes)	343,732	Number of employees	4,013	% of independent Board members	60
	% Increase in GHG emissions scope 1 from a 2019 base year	5	Lost time injury rate	0.4	% of women on the Board of Directors	60
	% Reduction in GHG emissions scope 2 from a 2019 base year	28	Lost time injuries reported	23	% of women in the Audit Committee	67
	Total energy consumption per unit processed material (GJ)	2.3	Fatalities reported	0	% of women in the Nomination Committee	50
	% of total renewable energy	36	% Absence due to illness rate, percent	1.6	% of women in the Executive Committee	9
	% of purchased renewable electricity	64	Number of average formal training hours	151	Separate chairman and CEO	Yes
	Total water consumption (m <sup>3</sup> )	901,081	Turnover rate	15.9	ESG as a qualifier for Executive Committee and CEO compensation	Yes
	% Reduction in freshwater consumption since 2020	3	Incidents of discrimination	1	CEO Total compensation, SEK million per annum	21.5
	Total water consumption per unit processed material (m <sup>3</sup> /tonne)	0.34	% of women in the company	23		
	Total amount of waste generated (tonnes)	63,422	% of women in management positions	30		
	Total amount of waste per processed unit (tonnes/1,000 MT)	23.6	Number of nationalities in AAK	56		
	% of recycled waste	95	% of employees with collective bargaining agreements	44		
	% Increase of waste going to landfill (tonnes)	9.4	% of employees that signed the Group Code of Conduct	94		
	% of sites ISO14001 certified	25	% of agents and distributors that signed the Group Code of Conduct	95		
	% of sites climate change risk assessed	100	% employees who passed the competition law e-learning	63		
	Number of trees planted (total)	7,300	% employees who passed the anti-corruption e-learning	60		
			% of sites with relevant local community projects	43		
Better Solutions	Volumes, thousand tonnes	2,312			Net sales	35,452
	% of RSPO-certified palm uptake	39			% of revenue contributing to the SDGs	31
	% of organic volumes	0.6			Operating profit	2,089
					Operating profit excl. IAC	2,393
					Operating profit per kilo, SEK	0.90
					Cash flow from operating activities	508
					Earnings per share, SEK	5.59
				Equity per share, SEK	45.58	
				Dividend per share, SEK	2.50*	
				Return on capital employed, R12m, percent	15.6	
				Cash flow from investing activities, SEK million	650	

\* In accordance with the Board of Directors' proposal.




# Our commitments and ambitions

Our commitments, ambitions, and progress are based on yearly monitoring of materiality, stakeholder analysis, new and upcoming legislation, and benchmark of our sustainability practices against those of

investors, retailers, customers, and competitors, to ensure that we have our house in order and the right level of ambition in line with stakeholder expectations.

Below we present AAK's sustainability commitments, ambitions, and progress in brief.




## Better Sourcing

Commitments	Ambitions	Status 2021
<p><b>Protecting biodiversity and ecosystems. Reducing environmental impact</b></p> 	<p><b>Verified deforestation- and conversion-free</b></p> <ul style="list-style-type: none"> <li>• 2025: 100 percent verified deforestation-free for palm and soy</li> </ul> <p><b>Reforestation</b></p> <ul style="list-style-type: none"> <li>• 2025: 150,000 trees planted</li> </ul> <p><b>Reducing GHG emissions</b></p> <ul style="list-style-type: none"> <li>• 2022: Set SBT in line with FLAG guidance*</li> </ul>	<p><b>Verified deforestation- and conversion-free</b></p> <ul style="list-style-type: none"> <li>• Palm: <b>67</b> percent, an increase by <b>34</b> percent from 2020</li> <li>• Soy: <b>30</b> percent, a decrease by <b>3</b> percent since 2020</li> </ul> <p><b>Reforestation</b></p> <ul style="list-style-type: none"> <li>• <b>89,544</b> shea and coconut trees planted (accumulative from 2019 onwards), which represent 60 percent of target</li> </ul> <p><b>Reducing GHG emissions</b></p> <ul style="list-style-type: none"> <li>• Work is ongoing to define absolute GHG reduction roadmaps</li> </ul>
<p><b>Empowering smallholders and women to improve livelihoods</b></p> 	<p><b>Women in engagement programs</b></p> <ul style="list-style-type: none"> <li>• Continue to increase our impact on women and smallholders</li> </ul>	<p><b>Women in engagement programs</b></p> <ul style="list-style-type: none"> <li>• <b>353,000</b> women enrolled in our Kolo Nafaso shea supply chain, an increase by <b>2</b> percent from 2020</li> <li>• <b>4,250</b> smallholders engaged within palm and coconut</li> </ul>
<p><b>Embedding the respect for human rights</b></p> 	<p><b>Human rights</b></p> <ul style="list-style-type: none"> <li>• 2025: Human rights due diligence embedded across all key raw materials</li> </ul>	<p><b>Human rights</b></p> <ul style="list-style-type: none"> <li>• 2021: <b>100</b> percent of countries of origin risk-assessed and salient issues identified</li> <li>• 2021: Action plan initiated for palm oil</li> </ul>


\* Pending SBTi submission.

Scope 3: Embedding FLAG (Forest, Land, and Agriculture Science Based Target Setting Guidance. Required as from September 2022).

## Better Operations

Commitments	Ambitions	Status 2021
<b>Enabling the well-being of our people</b> 	<b>Engagement</b> <ul style="list-style-type: none"> <li>2025: 10 percent improvement in employee engagement score from a 2017 base year</li> </ul> <b>Safety and well-being</b> <ul style="list-style-type: none"> <li>No lost time injuries</li> </ul> <b>Human rights</b> <ul style="list-style-type: none"> <li>2025: Human rights due diligence embedded across all sites</li> </ul>	<b>Engagement</b> <ul style="list-style-type: none"> <li>5 percentage points increase in employee engagement score since 2017</li> </ul> <b>Safety and well-being</b> <ul style="list-style-type: none"> <li>23 LTIs (LTIR 0.4). This is an increase from 18 LTIs in 2020</li> </ul> <b>Human rights</b> <ul style="list-style-type: none"> <li>2021: 100 percent of sites risk-assessed, salient issues identified, and plans initiated</li> </ul>
<b>Minimizing our environmental impact</b> 	<b>Reducing GHG emissions</b> <ul style="list-style-type: none"> <li>2030: Reduce absolute scope 1 and 2 GHG emissions by 50 percent from a 2019 base year*</li> <li>2025: Increase annual sourcing of renewable electricity from 12 percent in 2019 to 100 percent</li> </ul> <b>Resource efficiency</b> <ul style="list-style-type: none"> <li>Reduce annual energy consumption per processed unit by 2.5 percent per year</li> <li>Reduce annual freshwater consumption by 5 percent per year</li> </ul> <b>Circular economy</b> <ul style="list-style-type: none"> <li>2030: 100 percent of our waste recycled</li> </ul>	<b>Reducing GHG emissions</b> <ul style="list-style-type: none"> <li>4.3 percent reduction of absolute scope 1 and 2 GHG emissions from a 2019 base year</li> <li>64 percent annual sourcing of renewable electricity, an increase by 50 percentage points since 2020</li> </ul> <b>Resource efficiency</b> <ul style="list-style-type: none"> <li>8.5 percent increase in annual energy consumption per processed unit</li> <li>3 percent reduction in annual freshwater consumption</li> </ul> <b>Circular economy</b> <ul style="list-style-type: none"> <li>95 percent waste recycled, a decrease by 1.4 percentage points since 2020</li> </ul>
<b>Being a better neighbor</b> 	<b>Assessing most significant impact</b> <ul style="list-style-type: none"> <li>Relevant community engagement programs at our sites</li> </ul>	<b>Assessing most significant impact</b> <ul style="list-style-type: none"> <li>Relevant activities ongoing</li> </ul>

## Better Solutions

Commitments	Ambitions	Status 2021
<b>Co-developing with customers to do good for people and planet</b>	<b>Enabling a stronger pipeline for sustainable solutions</b> <ul style="list-style-type: none"> <li>2021: Ensure sustainability is fully embedded in the opportunity management process</li> <li>2022: Sustainability strongly embedded in our customer co-development engagements</li> </ul>	<b>Enabling a stronger pipeline for sustainable solutions</b> <ul style="list-style-type: none"> <li>2021: Ensured sustainability is fully embedded in the opportunity management process</li> <li>Tools created and embedded in our customer co-development approach and projects initiated</li> </ul>
<b>Increasing the demand for better solutions</b>	<b>Enable our sales force to increase the demand for sustainable solutions</b> <ul style="list-style-type: none"> <li>2021: Identify and share best practices on selling sustainable solutions</li> <li>2022: Sustainability truly embedded in AAK value propositions</li> </ul>	<b>Enable our sales force to increase the demand for sustainable solutions</b> <ul style="list-style-type: none"> <li>Identified and shared best practices on selling sustainable solutions</li> <li>Development of consumer-driven sustainability value propositions</li> </ul>
<b>Enhancing sustainable development with our solutions</b> 	<b>Increase our contribution to the SDGs</b> <ul style="list-style-type: none"> <li>2025: 50 percent of revenue contributing to the SDGs</li> </ul>	<b>Increase our contribution to the SDGs</b> <ul style="list-style-type: none"> <li>31 percent. This is a decrease by 3 percentage points since 2020, representing revenue connected to RSPO-certified palm, infant nutrition, animal feed, Kolo Nafaso, and our solutions for plant-based foods</li> </ul>

# AAK's approach to the Taxonomy

**The Taxonomy Regulation (Taxonomy) is a new framework that AAK is applying to its reporting structure. It aims to increase transparency in the market and helps prevent greenwashing by providing information to investors about the environmental performance of assets and economic activities of financial and non-financial undertakings.**

Under Article 8(1) of the Taxonomy, the companies that are required to publish non-financial information pursuant to the Non-Financial Reporting Directive (NFRD) ('relevant undertakings'), shall disclose information to the public on how and to what extent their activities are associated with environmentally sustainable economic activities.

The Taxonomy provides uniform criteria for companies and investors on economic activities that can be considered environmentally sustainable. The criteria involves that the activity should make a substantial contribution to EU environmental objectives such as climate change mitigation, while at the same time doing no significant harm to other environmental objectives. Consequently, the aim is to increase transparency and consistency in the classification of such activities and limit the risk of greenwashing and fragmentation in relevant markets.

For reporting year 2021, companies are obliged to report the eligibility of their economic activities that appear in the Delegated Act developed by the Commission, which to date only concerns climate change mitigation and adaptation. The Delegated Act is, however, expected to be enlarged to the remaining Taxonomy objectives.

## AAK's eligibility linked to economic activities

We at AAK are committed to further progress on our green revenue and investments, and to ensure high-quality reporting. During 2021, we continued our journey towards sustainable operations, while anticipating technical screening criteria applicable for the food processing industry to further strengthen the reporting. However, at the time of reporting, criteria were not available for the sector, which is necessary to properly align reporting based on facts and to ensure connection with the ambitions set by the EU directive. In order to honor the reporting expectation on EU Taxonomy alignment, considering that no criteria have yet been defined for the food processing sector, AAK has reviewed the Delegated Act Article 8 disclosures and involved experts in its Global Operations department with insight into AAK's financial and operational activ-

ities to assess how and to what extent our activities can be associated with the existing screening criteria defined for other sectors.

## Disclosure of the three KPIs (turnover, CAPEX and OPEX)

After review of the regulation and screening criteria for other sectors, it was determined that AAK's indirect eligibility could only be linked to CAPEX. After assessing CAPEX-related activities during 2021, it was concluded that AAK did have a series of CAPEXs, as defined in the Taxonomy Regulation and technical screening criteria outlined for other sectors in the Delegated Act Article 8. Based on the above outlined criteria, the eligibility activity is assessed to be 0 percent for turnover, 5.2 percent for CAPEX, and below 1 percent for OPEX, therefore reported as 0 percent.

Economic activity	Proportion of Taxonomy-eligible activities (%)	Proportion of Taxonomy non-eligible activities (%)
Turnover	0	0
CAPEX	5.2*	94.8*
OPEX	0	0

\* Investments in property, plant and equipment represent the gross amount of purchase and development and is specified in Note 15 Property, plant and equipment in the AAK Annual Report 2021, page 94.

### Going forward

In 2022, we will continue our journey towards sustainable operations with a strong plan to support us in our efforts. For the reporting year 2022 and onwards, we anticipate that the reporting screening criteria for our sector will be available, and we will ensure that our economic activities are connected to the four additional environmental objectives of the Taxonomy – sustainable use and protection of water and marine resources, transition to a circular economy, pollution prevention and control, and protection and restoration of biodiversity and ecosystems – which will be added to the review process and reporting on alignment. For further information on how AAK is managing significant risks within these areas today, including climate change mitigation and adaptation, please see pages 20–21, 40–45, and our GRI environmental performance disclosures on pages 78–79.

To ensure compliance, AAK will set up a system to measure the split in activities and report the percentage for each area. Turnover will be based on the total market that AAK is active in, and CAPEX and OPEX will be a consolidated percentage for each KPI based on operational activities and investments conducted during the reporting year. As the timeline from the EU is to have the criteria published during summer 2022, the first reporting is expected to be included in the 2022 reporting.

# Auditor's opinion regarding the statutory sustainability report

To the general meeting of the shareholders in AAK AB (publ), corporate identity number 556669-2850

### Engagement and responsibility

It is the board of directors who is responsible for the sustainability report for the year 2021 and that it is prepared in accordance with the Annual Accounts Act.

### The scope of the examination

Our examination has been conducted in accordance with FAR:s auditing standard RevR 12 The auditor's opinion regarding the statutory sustainability report. This means that our examination of the statutory sustainability report is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

### Opinion

A statutory sustainability report has been prepared.

Malmö 20 April 2022  
KPMG AB

Jonas Nihlberg  
Authorized Public Accountant

# Everything

we do  
is about

# Making Better Happen™

AAK specializes in plant-based oils that are the value-adding ingredients in many of the products people love to consume. We make these products better tasting, healthier, and more sustainable. We enhance their sensory experience – by giving the silkier mouthfeel in premium chocolate, the juicier texture in a plant-based burger, and the puffier appearance in a lower-fat pastry.

We can also optimize their production by substituting existing ingredients with plant-based equivalents that give better efficiency. AAK's value-adding solutions enable our customers to be successful in a better way.

At the heart of AAK's offer is Customer Co-Development, combining our desire to understand what better means for each customer, with the unique flexibility of our production assets, and a deep knowledge of many products and industries, including Chocolate & Confectionery, Bakery, Dairy, Plant-based Foods, Special Nutrition, Food-service, and Personal Care. Our 4,000 employees support our close collaboration with customers through 25 regional sales offices, 15 dedicated Customer Innovation Centers, and with the support of more than 20 production facilities.

Listed on Nasdaq Stockholm and with our headquarters in Malmö, Sweden, AAK has been Making Better Happen™ for more than 150 years.



Explore more at  
[www.aak.com](http://www.aak.com)

Or contact us at  
e-mail [sustainability@aac.com](mailto:sustainability@aac.com)



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