



Press release, May 14, 2023

AAK's response to the article regarding palm sourcing in Tessa Nilo

Palm is part of the solution and AAK remains committed to a sustainable supply chain

Palm oil is a widely debated food ingredient, often criticized for its environmental impact. However, it is important to recognize that palm oil plays a significant role in feeding the world and providing sustainable nutrition to populations around the globe. Deforestation remains a challenge, including the use of protected areas for farming. AAK does not accept any cultivation in protected areas and we are firmly committed to continue to drive a sustainable supply of palm. The expansion of palm plantations did contribute significantly to deforestation in the first decade of this century. However, deforestation rates relating to palm plantations in Indonesia and Malaysia have reduced significantly in recent years.

By 2025, our goal is to source 100 percent verified deforestation-free palm oil. As of 2022, we reached 71 percent verified deforestation-free and 87 percent traceability to plantation. Maintaining a sustainable and responsible supply chain requires ongoing vigilance - that is why we work with our stakeholders to establish strong assurance systems. Our suppliers source palm from around 1,500 mills in Indonesia and Malaysia and the solution for AAK is not to turn its back on a crop that is needed to feed the world in a sustainable way. The solution is to stay actively engaged in the supply chain to eliminate deforestation.

AAK drives positive change in the supply chain

We regularly do audits, requesting our suppliers to report and submit their mill list related to AAK's supply chain and traceability data. The data is verified by a third party (Earthqualizer) and published on our website. In addition, we continue to focus on supplier engagement supported by satellite monitoring, industry-wide collaboration and the potential ceasing of business with suppliers that show little willingness to improve.

We respond positively to any credible information and encourage an open and transparent dialogue to help improve the sustainability and perception of what is the highest-yielding vegetable oil crop. We continuously drive improvements with our suppliers as well as their direct and indirect supply.

About Palm Oil

Palm oil is a vegetable oil and a key ingredient in a wide range of consumer products, from food and cosmetics to biofuels and cleaning products. It is an efficient and versatile crop, providing the highest yield of vegetable oil per acre. Palm oil accounts for around 35 percent of global vegetable oil production, using only 10 percent of the arable land.

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About AAK

Everything AAK does is about Making Better Happen™. We specialize 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. 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, 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 Nasdaq Stockholm and with our headquarters in Malmö, Sweden, AAK has been Making Better Happen for more than 150 years.

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