

Sustainability from plant to brand



AAK



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.

For questions about the report or to obtain a printed copy, contact us at info@aaak.com.

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Our purpose:

Everything we do is about Making Better Happen™

About AAK

AAK is a Multi-oil Ingredient House, specializing in plant-based oils and fats, the value-adding ingredients in many products people love to consume. We make these products better tasting, healthier, and more sustainable. The company is listed on Nasdaq Stockholm with headquarter in Malmö, Sweden.

At the heart of AAK's offer is customer co-development, combining our desire to understand what Making Better Happen™ means for each customer with the unique flexibility of our production assets and deep knowledge of products and industries we co-develop with.

Our values and 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



Industries we co-develop with



We have been Making Better Happen™ for more than **150 years**



President and CEO:

Accelerating on our sustainability commitments

AAK's sustainability strategy is clear. We focus on the areas where we have the most profound impact. In 2023, we made considerable progress towards our sustainability targets while enabling our customers and suppliers to evolve towards greener practices. Furthermore, we acknowledge our responsibility to drive global sustainable food systems and advance the shift from fossil-based to sustainably sourced alternatives within the non-food segment.

Driving sustainability in food systems and beyond

As the global population grows, so does the demand for food, presenting a significant challenge to produce food sustainably without harming the environment or compromising on availability, affordability, or taste. By providing plant-based solutions that enhance the taste and texture of food and extend its shelf life, AAK occupies a central role in facilitating the shift towards sustainable food systems. Furthermore, we also play a key part in enabling the transition away from non-food fossil-based ingredients towards options that are sustainable, renewable, and biodegradable.

Sustainability is a journey, pursued together with others

At AAK, we work hand-in-hand with our customers to address global challenges and support their sustainability ambitions, while setting rigorous sustainability targets for ourselves.

Our sustainability efforts focus on three key areas—climate, biodiversity, and people—where we believe we can deliver the most substantial impact, driving transformation across the industry and achieving

enduring, scalable outcomes. KPIs, strategic roadmaps, and comprehensive action plans illustrate the detailed implementation of these core priorities across our operations and along the entire value chain.

Our emission reduction targets approved by SBTi

As part of our commitment to sustainability, we have set ambitious climate targets for 2030, encompassing both our sourcing practices and operational activities. We are proactively cutting emissions in these areas, shifting towards renewable energy sources, and investing in initiatives aimed at reducing our carbon footprint.

In December 2023, we were informed that the Science Based Targets Initiative (SBTi) had approved our emission reduction targets. This endorsement underscores our commitment to making a significant impact on global climate change. AAK is at the forefront of this movement, being among the first to receive approval for the Forest, Land, and Agriculture (FLAG) targets, which align with the objectives of the Paris Agreement.

“To help feed a growing population, reduce carbon emissions, and do good for people AAK aims to be the first choice for plant-based oil solutions, accelerating the shift towards sustainable food systems and enabling the transition from fossil-based ingredients to sustainably sourced alternatives.”

Committed to deforestation-free supply chains

There is a growing trend towards adopting a flexitarian diet, and reducing meat consumption in favor of plant-based options to lower emissions. Optimizing land use is crucial and this dietary shift is driven by the recognition that plant-based foods require significantly less land to produce the same amount of calories compared to meat. However, the efficiency of utilizing our available land resources differs across crops, with sustainable palm oil distinguishing itself positively in this aspect. Celebrated for its high yield and versatility, palm oil is crucial in addressing future food demand and substituting more environmentally harmful alternatives.

Our commitments to sustainable agriculture and deforestation-free supply chains are central to our strategy. We aim to shift perceptions around palm oil's environmental impact. By 2025, we are committed to achieving 100 percent traceability to the palm oil source, as well as maintaining palm and soy supply chains that are verified free from deforestation and conversion. In 2023 our global palm traceability stands at 93 percent, and our

verified deforestation-free status for palm has reached 83 percent. This progress reaffirms our commitment to sustainable practices and responsible sourcing throughout our value chain.

People

Making Better Happen™ starts with our own operations and team, ensuring our commitment is reflected in everything we do. We emphasize human rights, employee safety, and well-being, promoting a diverse and inclusive workplace. In 2023, we devoted considerable effort to our culture transformation initiative, aimed at strengthening team spirit. This initiative not only advances our culture but also consolidates teams, maintaining our competitive edge. It encourages diverse viewpoints, nurtures innovation, and fuels our collective success, positioning AAK as an outstanding place to work.

Within our supply chains, our emphasis lies on ethical sourcing, health and safety, and improving livelihoods, all part of a unified strategy. In 2023, embedding the respect for human rights throughout our business and supply chain was our number one people priority.

Going forward

AAK continues to proactively adapt to the changing regulatory landscape, preparing for new legal standards such as EUDR, CSRD, and CSRD. The EU Deforestation Regulation aims to reduce imports of products linked to deforestation by the end of the 2024. AAK supports this initiative but is actively engaged in finding solutions to the practical challenges it creates. These include the volumes of disclosure per shipment, human rights and legal due diligence considerations, and the handling of by-products and oleochemicals.

Our commitment to positively transforming the global food supply chain is increasingly recognized, yet there is more ground to cover. Making Better Happen™ is more than just a motto; it's a continuous journey involving the entire supply chain, from farm to table.

Johan Westman,
President and CEO

2023 Key events

Climate

SBTi Targets approved

Our emission reduction targets were officially approved by the Science Based Targets initiative (SBTi) in December 2023. This approval underscores our commitment to align with the Paris Agreement.

AAK's approved FLAG Targets

- Achieve a 33.3 percent reduction in absolute Scope 3 FLAG GHG emissions by 2030, compared to 2019 baseline.¹⁾
- Achieve zero deforestation for primary deforestation-linked commodities by 2025.

¹⁾ Absolute Scope 3 FLAG GHG emissions target is based on the sector approach.

AAK's approved Non-FLAG Targets

- Achieve a 50 percent reduction in absolute Scope 1 and Scope 2 GHG emissions by 2030, compared to 2019 baseline.²⁾
- Reduce absolute Scope 3 GHG emissions from purchased goods and services and upstream transportation & distribution by 46.2 percent by 2030, compared to 2019 baseline. Establish science-based targets for 10.4 percent of AAK's suppliers, covering purchased goods and services, transportation, and distribution by 2027.

²⁾ Target boundary includes biogenic emissions and removals from bioenergy feedstocks.

Solutions

Plant-based Innovation Center of Excellence opened

In March 2023, AAK opened a new Innovation Center of Excellence in Zaandijk, near Amsterdam. This state-of-the-art hub is dedicated to advancing innovation and research in plant-based food products. It not only accelerates our customers' ability to launch plant-based offerings but also aids in reducing emissions connected to the transformation from the animal-based to the plant-based solutions.

People

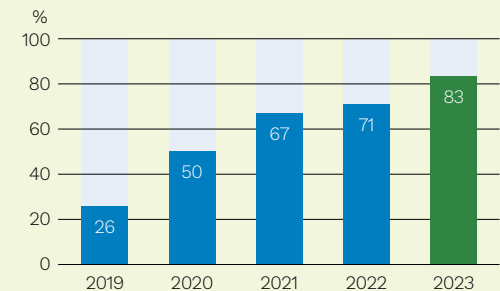
Improvement in employee engagement

Thirteen countries where we operate have been certified according to Great Place to Work Institute™. Our ambition is to improve our employee engagement score by 10 percentage points by 2025. To achieve this, we select different employee themes each year to drive even better engagement and employee development.

In 2023 we had an increase of 8 percentage points in employee engagement score since 2017.

Biodiversity

Verified deforestation-free palm



Verified deforestation-free palm 2023

83%

Ambition 2025

100%

Solutions



37% revenue contributing to SDGs

The percentage of AAK's revenue contributing to sustainable development goals was the same as in 2022 at 37 percent.

Climate

New bio-boilers installed

In 2023, we completed the installation of the new bio-boilers at our production site in Aarhus, Denmark. This development is a crucial step in our commitment to reducing carbon emissions. The plant is expected to decrease the site's carbon footprint by 90 percent. Annually, it will help reduce over 45,000 tons of carbon emissions and will also support the generation of green electricity for onsite use.



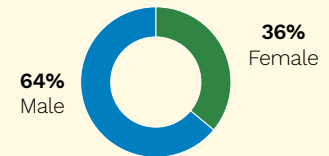
People

Increase of females at managerial level

In 2023, our organization featured 36 percent of female managers, an increase of 4 percentage points versus the prior year. This upward trend marks a stride towards gender diversity and inclusivity in leadership roles. We are committed to fostering a more balanced and representative managerial team reflecting positively on our organizational culture, promoting equal opportunities and breaking gender barriers.

Managerial level

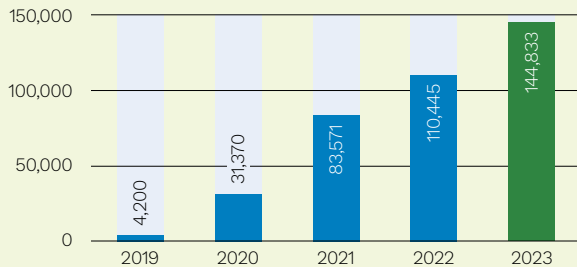
% Gender distribution



Biodiversity

Reforestation commitment

In 2023, we planted 34,388 trees in our shea supply chain, reaching a total of 144,833 additional shea trees, which is 96.5 percent of our 2025 target.



Total shea trees planted¹⁾

144,833

Shea treeplanting ambition 2025¹⁾

150,000

¹⁾ base year 2019

Biodiversity

Traceability to mill and plantation, %



Traceability to mill 2023

100%

Traceability to plantation 2023

93%

Traceability to plantation ambition 2025:

100%



Beating deforestation together

AAK has made great progress on its ambitious sustainability targets, with primary focus on achieving 100 percent verified deforestation-free palm by 2025, which has a direct impact on both climate and biodiversity. Verification adds further credibility to the implementation of our 100 percent deforestation free policy.

Why are efforts to mitigate palm oil deforestation crucial?

Deforestation is recognised as a major contributor to GHG emissions and hence climate change. Historically the rapid expansion of palm oil plantations has contributed to significant deforestation. Given that palm oil is AAK's highest volume raw material, at more than 60 percent of total oil purchases, our sourcing thereof represents AAK's most substantial opportunity to minimize environmental impact. By sourcing only deforestation-free palm, we are reducing greenhouse gas emissions and supporting biodiversity.

In the last decade a major change has occurred in global palm production, with a significant decrease in deforestation rates linked to palm, particularly in South-East Asia. This has been driven by a combination of industry initiatives and producer country regulatory changes, with the RSPO, of which AAK is a founder member and current Board member, to the forefront. We conclude that the efforts made by AAK and others have been highly effective. As part of this sea change, we are proud that 83 percent of our palm supply chain is now verified as deforestation-free, moving us closer to our 2025 goal of 100 percent.

As well as deforestation, what are the other biggest challenges going forward?

Growing demand for plant-based food, regulatory changes and the negative perception of palm oil represent major challenges. We are optimistic about

sustainable palm oil's potential to meet demand, and that a change in the perception of palm oil can be achieved by providing fact based evidence to balance the debate. Where feasible, and subject to regulatory compliance, we will continue to choose to engage with our supply chain rather than exclude.

How do you plan to address these challenges?




Collaboration is key. AAK takes a high-profile stance, sticking to our values and aspiration of making a positive difference and prioritising the most relevant issues, knowing that we cannot change the world alone. By working with industry associations and others, including continuing our involvement in the RSPO, POCG, FEDIOL, the Sustainable Coconut Partnership, and many other influential industry and multi-stakeholder organizations, we aim at strong progress.

What future directions do you see for your company's sustainability efforts?

We are determined to continue to raise the bar. Significant impacts are clearly evident in our upstream supply chain, and we will continue to work with Tier 1 suppliers to enhance our climate, biodiversity and people impact, as well as embedding sustainability in our products and solutions. In this way, together with ongoing collaboration, we will continue to drive change.

Tim Stephenson,
President Global Sourcing & Trading and Sustainability

2023 progress on key sustainability targets

Priority	Target	Data 2023 (2022)	Progress
	50% revenue contributing to SDGs by 2025	37% (37)	●
Climate impact mitigation			
	50% reduction in absolute Scope 1 and Scope 2 GHG emissions by 2030 from a 2019 base year ⁴⁾	12% (4.4)	●
	33.3% reduction in absolute Scope 3 FLAG GHG emissions by 2030 from a 2019 base year ⁴⁾	2,287,447 tCO ₂ e ¹⁾	●
	46.2% reduction in absolute Scope 3 non-FLAG GHG emissions by 2030 from a 2019 base year ⁴⁾	1,825,969 tCO ₂ e ¹⁾	●
	10.4% of our suppliers by emissions covering purchased goods and services, transportation and distribution will have science-based targets by 2027 ⁴⁾	Work will be initiated during 2024	●
	Source 100% renewable electricity for our operations by 2025	64.4% (70)	●
Protecting forests and ecosystems			
	100% verified deforestation-free (VDF) palm	Verified deforestation-free palm: 83% (71)	●
	100% verified deforestation- and conversion-free (VDFC) soy supply chains by 2025	Verified deforestation- and conversion-free soy: 25% (20)	●
	100% traceability to plantation (TTP) for palm	TTP for palm 93% (87)	●
	Certified sustainable palm uptake, shared responsibility 2% increase year on year	RSPO uptake: 39% (36)	●
	150,000 shea trees planted by 2025 (2019 base year)	Total shea trees planted: 144,833 (110,445)	●
Advancing well-being and human rights			
	Maintain a zero accidents culture	Lost time injury frequency rate: 0.46 (0.6)	●
	By 2030 we aim to have an inclusion index rate of 95%	87% (82) ²⁾ inclusion rate	●
	By 2030 we aim to have an attrition rate lower than 8%	17.2% (17.9) attrition rate	●
	Human rights due diligence embedded across all key raw materials by 2025	35% ³⁾ of tier 1 palm suppliers connected to AAK on the SEDEX platform	●
	Work to improve livelihoods within the supply chain with focus on smallholders and women	241,188 (293,302) women enrolled in Kolo Nafaso program ⁵⁾	●

● On track ● Ongoing ● Need for acceleration

¹⁾ Due to methodological updates, and increased data granularity, we continue to develop comparability for total Scope 3 emissions versus our baseline, see explanation on p. 16.

²⁾ Inclusion rate measured every second year (2021: 82%).

³⁾ New target for 2023.

⁴⁾ SBTi approved.

⁵⁾ During 2023, the political instability in Burkina Faso forced us to close down some of our operations resulting in a lower number of women in the program.

Sustainability from plant to brand

Sustainability is at the heart of our purpose, Making Better Happen™. We think of sustainability as a core commitment and a dedicated journey, not a destination.

The transformation and shift towards more sustainable food and non-food solutions

The future is increasingly plant-based. Plant-based oils and fats are key to moving towards sustainable food systems, replacing animal-based fats as well as sustainable, renewable, and biodegradable products in candles, personal care, and other industries that today rely on fossil-based solutions. At AAK, we are a part of this transformation and want to collaborate with customers to address global challenges and to help them meet their sustainability targets.

Prioritizing climate, biodiversity, and people

Our sustainability strategy concentrates on three key areas: Climate, Biodiversity, and People, where we believe our company can make the most significant impact. Focusing on these areas offers us the best chance to drive industry-wide change and achieve sustainable, scalable results. We have established roadmaps and targets for our key priorities, outlining a series of activities and investments committed to be executed by 2025 and 2030. In 2024 we will be working towards and updating our 2030 targets and update these targets, reflecting our double materiality, customer and investor surveys, to encompass all priority areas.

Embedding sustainability in the value chain

Our priorities are firmly anchored in roadmaps and action plans across our supply chain and operations,

ensuring that our commitment to Making Better Happen™ is reflected throughout our entire value chain. Our approach to sustainability is integrated at every level, starting with our internal operations and employees.

Some of the oils that we source are derived from crops that are produced in biodiverse regions where poverty and political instability are key challenges. We are committed to improving the lives and livelihoods of these communities and work actively to mitigate the environmental and human rights risks associated with sourcing from these regions with the aim to positively impact health, society, and environment. We believe it's crucial to face challenges head-on and actively work towards transforming them.

Achieving positive impact through the Sustainable Development Goals

The 17 UN Sustainable Development Goals (SDGs) address global challenges, including poverty, inequality, climate change, environmental degradation, and peace and justice. Our efforts towards the Sustainable Development Goals focus on two areas. First, we aim to lessen our environmental footprint by minimizing climate impact in our operations and supply chains. Second, we actively contribute to social progress by supporting poverty reduction and empowering women within our supply chain.

AAK’s House of Sustainability



Sustainability framework

AAK’s House of Sustainability is our sustainability management framework that structures and connects:

- AAK’s sustainability priorities and commitments, which have been defined based on a materiality assessment.
- Sustainability goals and performance indicators to measure and drive progress.

The AAK House of Sustainability is the framework that portrays how our sustainability work is organized and set towards our purpose, Making Better Happen™. It defines our commitments, targets, and contribution to the UN Sustainable Development Goals that are critical for our business, and to our ambition of fulfilling the Paris Agreement.

Co-developing better solutions

One of the key strengths in AAK’s business model is our unique co-development approach, born out of the strong relationships we have with our customers. We continuously strive to develop solutions which are better for the people and the planet by embedding sustainability into our co-development with customers.

The co-development process starts by identifying the specific sustainability credentials that create value for our customers and our consumers. We then co-develop sustainability solutions, such as:

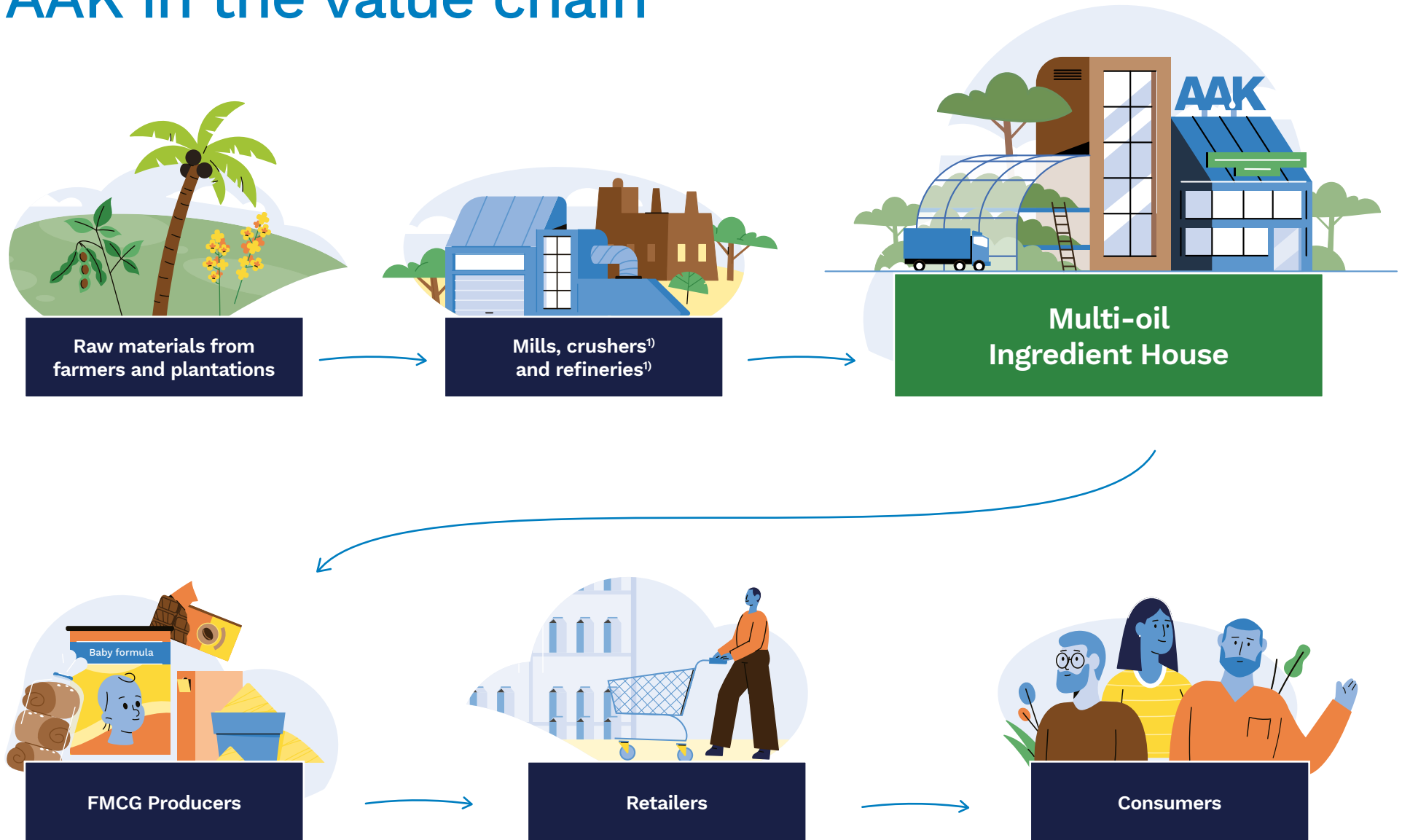
- Fulfilling specific sustainability requirements, e.g. deforestation-free solutions
- Supporting our customers on their sustainability journey
- Delivering transparency to consumers

New insights team

With our new Global Insights Marketing team, we are gaining a deeper understanding of the evolving needs of consumers and customers, guiding us in making the right decisions for innovation in oils and fats.

A recent example is Chocolate Motivations, a global consumer study with 3,500 consumers interviewed in Q4 2023. We learned that consumers prioritize taste and expect authenticity and transparency in chocolate products, enabling us to co-develop chocolate solutions with our customers that satisfy the taste and sustainability expectations of their consumers. At this moment we are conducting deep dive customer interviews that help shape the future direction of our sustainability strategy.

AAK in the value chain



¹⁾ Crushing and refining performed by AAK for selected raw materials.

Climate



AAK key priority

Climate impact mitigation

Climate change is propelled by human activities. To counteract this change, AAK is committed to diligently working towards minimizing our environmental impact throughout our value chain.

Background

Climate change is the long-term alteration of global weather patterns, primarily driven by the accumulation of greenhouse gases in the atmosphere. Human activities, the use of fossil fuels, deforestation, and industrial processes release these gases, such as carbon dioxide and methane, and cause the Earth's temperature to rise.

At AAK, we contribute to accelerating the shift to more sustainable food systems and reduced emissions. In parallel, we focus on plant-based solutions that reduce climate change and outperform fossil-based alternatives without disrupting food systems, applicable in various industries, including Personal Care and Technical Products.

Key targets & achievements 2023

Target	Data 2023 (2022)	Progress
Source 100% renewable electricity for our operations by 2025.	64.4% (70)	●
AAK's SBTi approved FLAG Targets		
33.3% reduction in absolute Scope 3 FLAG GHG emissions by 2030 from a 2019 base year	2.287.447 tCO ₂ e ¹⁾	●
Achieve zero deforestation for primary linked deforestation-commodities by 2025.	83% (71) ³⁾ verified deforestation-free (VDF) palm	●
AAK's SBTi approved Non-FLAG Targets		
50% reduction in absolute Scope 1 and Scope 2 GHG emissions by 2030 from a 2019 base year. ²⁾	12% (4.4)	●
46.2% reduction in absolute Scope 3 non-FLAG GHG emissions by 2030 from a 2019 base year.	1.825.969 tCO ₂ e ¹⁾	●
10.4% of our suppliers by emissions covering purchased goods and services, transportation and distribution will have science-based targets by 2027.	Work will be initiated during 2024	●

● On track ● Ongoing ● Need for acceleration

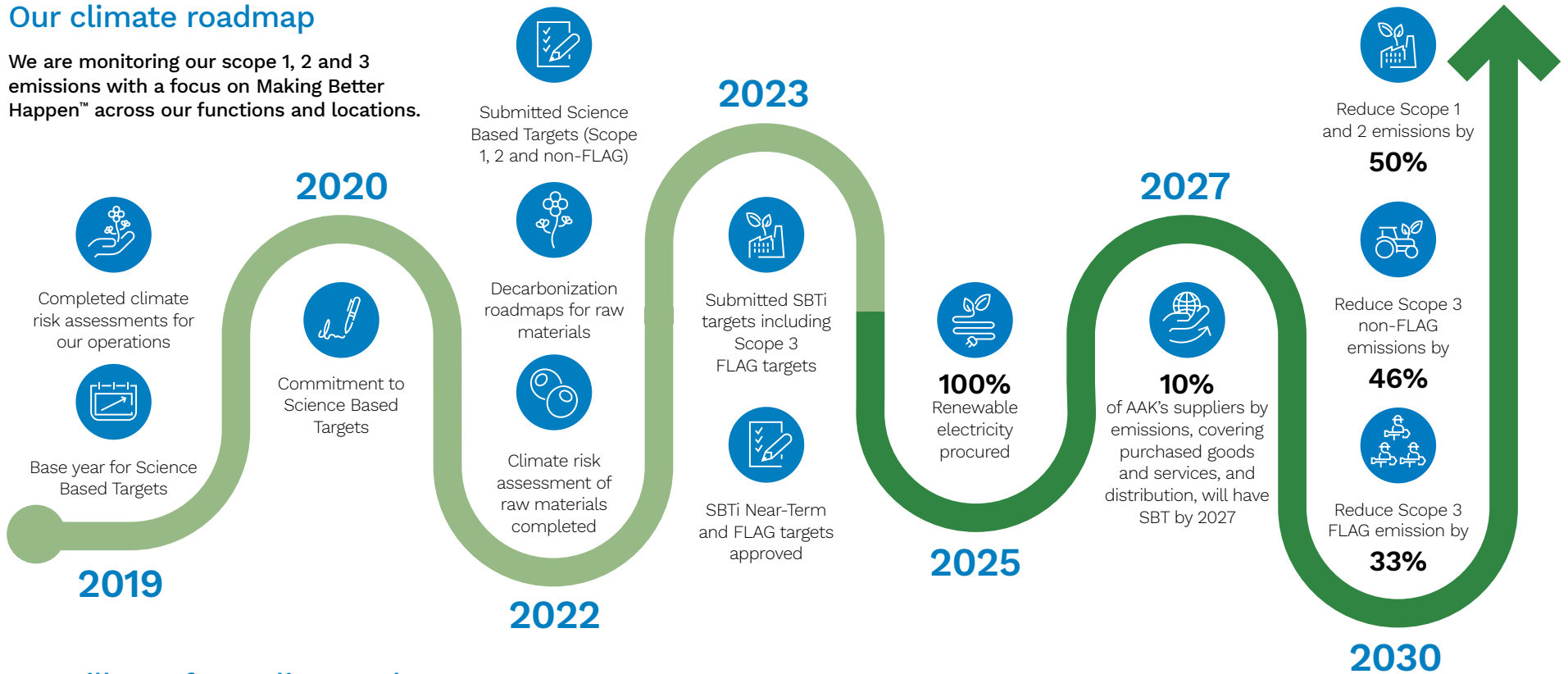
¹⁾ Due to methodological updates, and increased data granularity, we continue to develop comparability for total Scope 3 emissions versus our baseline, see explanation on p. 16.

²⁾ Target boundary includes biogenic emissions and removals from bioenergy feedstocks.

³⁾ For more background on VDF target see p. 20.

Our climate roadmap

We are monitoring our scope 1, 2 and 3 emissions with a focus on Making Better Happen™ across our functions and locations.



Key pillars of our climate change strategy

Reduce carbon emissions	Sustainable operations	Collaboration and partnerships	Innovation and research	Reporting and transparency
We have set bold climate targets for 2030 which refer to both our sourcing and our operations. We are actively reducing emissions within them, transitioning to renewable energy sources, and investing in carbon reduction initiatives.	From energy-efficient practices to waste reduction, we are transforming our operations to minimize environmental impact.	We are not acting in isolation. Partnering with our suppliers and investing in insetting and offsetting projects, we are collectively pursuing greener practices, reducing emissions, and collaborating with like-minded organizations, governments, and start-ups.	We're investing in innovative technologies that can help Making Better Happen™ (such as Green-On or Power to X, which drive sustainability and improve energy efficiency).	We remain committed to transparency and accountability, regularly reporting our progress to demonstrate our continuous improvement and to inspire others.

AAK's SBTi targets officially approved

In December 2023 AAK's emission reduction targets (page 14) were officially approved by the Science Based Targets initiative (SBTi). The approval underscores our commitment to aligning with the latest climate science.

First to have FLAG and non-FLAG targets

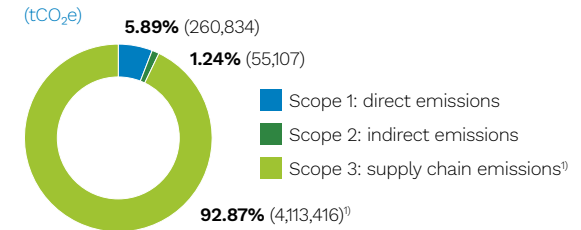
In September 2022, SBTi launched the new FLAG (Forest, Land & Agriculture) guidance which later became available during the first quarter of 2023, aiming to support land-dependent industries in their quest to establish science-based targets incorporating reductions and removals related to land use emissions. The FLAG sector faces considerable vulnerability due to climate change effects. Yet it also contributes significantly to emissions, representing almost 25 percent of global greenhouse gas (GHG) emissions, ranking as the second-largest emitting sector following energy. AAK is one of the first companies to have set targets for both FLAG and non-FLAG according to the latest guidance.

Assess impact to achieve progress

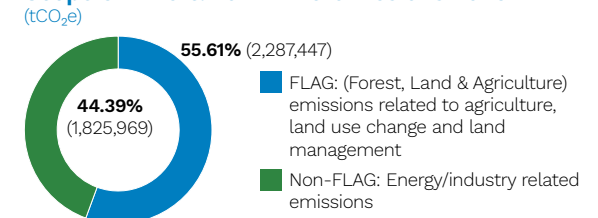
As part of our submission to Science Based Targets, we have assessed AAK's GHG emissions. It shows that 93 percent of our GHG emissions come from our supply chain (Scope 3). Of this, 56 percent is related to FLAG and the remainder comes from the production process in mills and refineries that we source from, transportation, waste as well as other supply chain emissions. This result reinforces our need to engage and work together within our supply chain to achieve progress. In 2023 we developed a more granular scope 3 accounting measurement approach. By utilizing country-specific emission factors and optimizing our internal data collection processes, we have now a better understanding of our supply chain emissions. However, increases in data granularity or changes in methodological approaches can lead to inaccuracies in comparison to our baseline. As noted above, our

Scope 3 targets have only recently been approved. We will further develop our comparison methodology versus our baseline during 2024 in order to fully assess progress. For this report we have disclosed our SBTi scope emissions for 2023 only. AAK is continuously investing and optimizing its scope 3 accounting processes, in parallel with the implementation of more sustainable practices. We are focusing on establishing 100 percent verified deforestation- and conversion free supply chains by 2025, engaging with suppliers to ensure the implementation of sustainable on-farm practices, introducing a lower-emission transportation network while at the same time looking for key inseting interventions together with our partners.

GHG emissions breakdown 2023



Scope 3 FLAG & non-FLAG emissions 2023¹⁾



¹⁾ Only including the emissions within the scope of our SBTi targets

Making emission reductions happen

We focus on our own resource efficiency and explore opportunities to optimize unit consumption, production capacity, energy mapping, and circularity. Tackling Scope 3 emissions is critical for reducing the environmental footprint of the food industry, minimizing waste, and encouraging sustainability across the value chain.

Renewable electricity target

We continue to source renewable electricity for our operations. Our ambition is to source 100 percent renewable electricity by 2025. In 2023, 64.4 percent of our electricity was renewable, a decrease by 5.6 percentage points since 2022.

New bio-boiler plant cuts carbon footprint

In 2023 we completed the bio-boiler plant installation, in our production site in Aarhus. This is a key example of our reduction efforts and will result in a 90 percent carbon reduction. When operational in 2024, the boiler plant will reduce the site's carbon footprint by more than 45,000 tons per year while feeding the electricity needed to self-generate our own green electricity. We expect the site to become nearly emissions-free.

Key workstreams for emission reductions

Scope 3 emissions connected to our supply chain, transportation, and product life cycles are crucial in our mission to tackle climate change effectively. These indirect emissions related to our value chain include suppliers, transportation, product use, and disposal. The key elements of our supply

chain emissions reduction strategy consist of the following:

Sustainable Sourcing: Working with suppliers to cut FLAG emissions by 33.3 percent and non-FLAG emissions by 46.2 percent by 2030. We focus on sustainable land management, regenerative agriculture practices, and protection and restoration of land. Our zero deforestation commitment as expressed in verified deforestation free palm (83 percent in 2023) and RSPO uptake (39 percent) are key drivers for meeting our FLAG emission reductions. Methane capture from palm oil mill effluent is also a key driver of non-FLAG emissions.

Efficient Distribution: In alignment with our non-FLAG targets of 2030, we have been engaging with our partners on adopting SBTi-aligned targets. At the same time, our shipping emissions are in scope for our non-FLAG reduction target and we are working with the early adopters of the shipping industry.

Waste Reduction: Our goal is to have 100 percent recycled waste by 2030. We also aim to minimize

waste in our operations and promote responsible consumption. In 2023, 61 percent of our waste was recycled. Our total waste was reduced by 52.4 percent compared to 2022.

Sustainable Solutions: Collaborating with customers to create sustainable solutions for their processes and products and guiding their product usage.

Packaging Innovation: Depending on the application of our products, various solutions can be utilized. We are exploring this variable and are working to evaluate more sustainable packaging solutions with our customers, while also looking to meet our supplier engagement targets.

Going forward

We will continue to improve our Scope 3 data collection and further implement our reduction roadmaps in the value chain. We are committed to evolving our 2030 strategy to align with the Science Based Targets initiative (SBTi) goals we have set.

Cutting emissions in our rapeseed supply chain

By measuring emissions, promoting regenerative agriculture with suppliers, and setting KPIs for effective reduction we will reduce Scope 3 emissions in the rapeseed supply chain.

As part of our Science Based Target reduction journey, AAK implemented a climate performance platform in 2023 provided by the Swedish company Improvin' to collect verified farmer-level emissions data. AAK's emissions in the rapeseed oil supply chain are our second largest contributor to AAK's FLAG emissions, primarily due to the Scope 3 emissions that occur during the initial production stage when the crops are grown. The climate performance platform enables us to calculate emissions for the rapeseed we source and simultaneously build emission reduction initiatives with our suppliers. We are engaging with our suppliers and customers in gathering and sharing primary emissions data to improve our monitoring and reporting. The platform launched

partnerships with Swedish cooperatives and will be scaled up to Europe in 2024. One tool to further reduce emissions in the future is to integrate regenerative agricultural practices. In 2023 we identified initial KPI's that we want to track across our supply base. The prioritized KPIs are buffer strips, soil organic carbon, and crop rotation.

How does regenerative agriculture fit into AAK's decarbonization strategy for rapeseed?

Regenerative agriculture practices play a vital role in addressing emissions in the rapeseed supply chain. It is a holistic approach to farming that looks at soil, nature, surroundings, natural

resources, and nutrients, resulting in an increase in yields, which reduces the CO₂ per metric tonne of rapeseeds. With the Improvin' platform we set KPIs on regenerative agriculture measurements to make emissions reductions happen.

In well-applied regenerative agricultural practices, the variety of the seed grown is chosen based on type of soil, mineral requirements, and access to water. Cooperatives in AAK's Swedish supply chain are developing their own seeds to optimize their crops. The farmers also maintain good crop rotation, which brings benefits to soil structure, soil resources, natural predators, monoculture, and biodiversity while reducing weeds and pest pressure. Regenerative agriculture practices further include precision input of nitrogen, micro-nutrients, fertilizers, pesticides, and compost derived from agricultural and human waste to optimize soil health and root systems and to reduce emissions.

Case



Biodiversity



AAK key priority

Protecting forests and ecosystems

Biodiversity is the foundation for the long-term health of the planet, a sustainable farming system, and supporting food producers' livelihoods. AAK's commitment to preventing deforestation and ecosystem conversion is central to our biodiversity conservation strategy.

Background

Natural biodiverse ecosystems mitigate climate change by storing carbon, protecting against floods and heatwaves, and supporting pollinators for crops. However, an increasing global population and food demand threaten these areas with deforestation or conversion to farmland.

For AAK, which relies on agricultural raw materials, the sustainability of these systems is fundamental. Recognizing the growing importance of biodiversity, we revisited our strategy in 2023 to identify gaps beyond our existing commitments to no deforestation and conversion.¹⁾

Deforestation- and conversion-free supply chains

Our top two priorities within biodiversity identified in 2023 are:

- Land use and ecosystem protection including deforestation- and conversion-free supply chains
- Integrating regenerative agricultural practices, including reforestation, into our supply chains

Land use change and deforestation account for 12–20 percent²⁾ of the world's global greenhouse gas emissions, and are some of the most severe environmental risks we are facing.

Key targets & achievements 2023

Target	Data 2023 (2022)	Progress
100% verified deforestation-free palm (VDF) by 2025	83% (71) verified deforestation-free (VDF) palm Verified deforestation-free palm inside concessions: 100% (100% since 2021)	●
100% verified deforestation- and conversion-free (VDCF) soy by 2025	25% (20) verified deforestation- and conversion-free (VDFC) soy	●
100% traceability to plantation (TTP) for palm	93% (87) TTP for palm	●
Certified sustainable palm uptake, shared responsibility 2% increase year on year	RSPO uptake: 39% (36)	●
150,000 shea trees planted by 2025 (base year 2019) 10,000 coconut trees planted by 2025 (base year 2020)	Total shea trees planted: 144,833 (110,445) Total coconut trees planted: 7,820 (6,397)	●

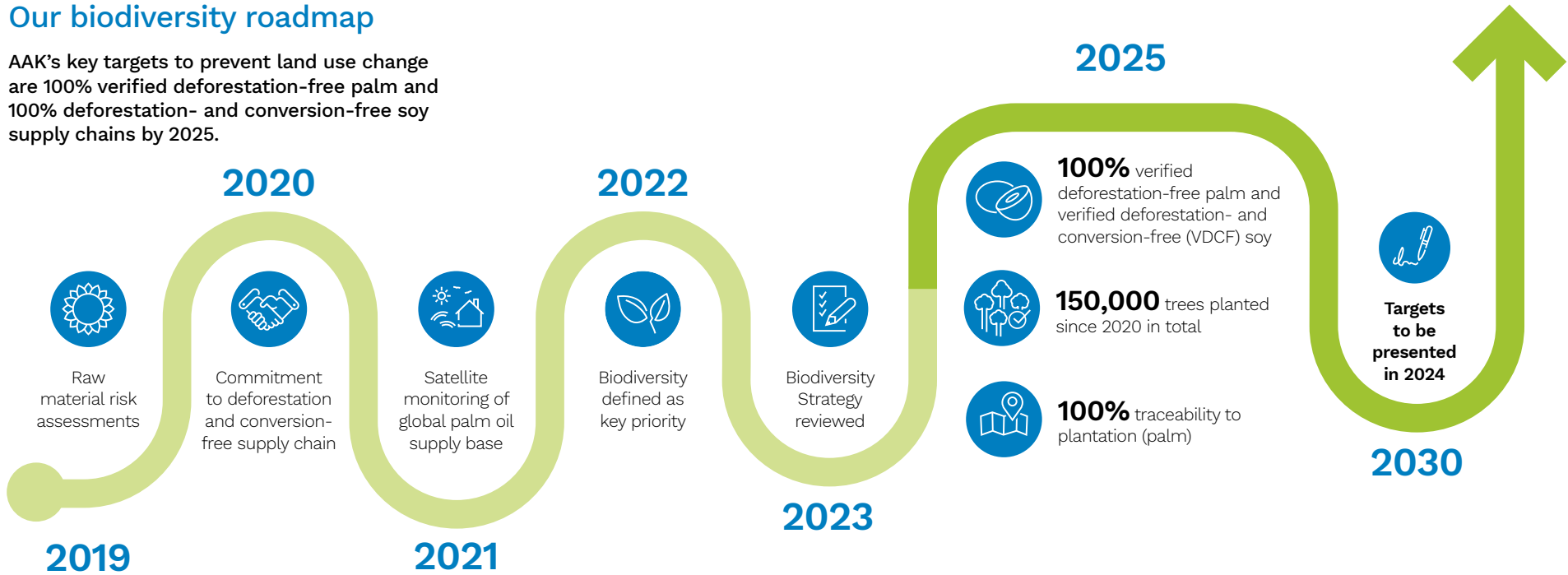
● On track ● Ongoing ● Need for acceleration

¹⁾ To prioritize material biodiversity related topics for our business, AAK is working with the "WWF Biodiversity Risk Filter" as well as materiality analysis (see p. 38 for materiality analysis and p. 56 for biodiversity risk analysis).

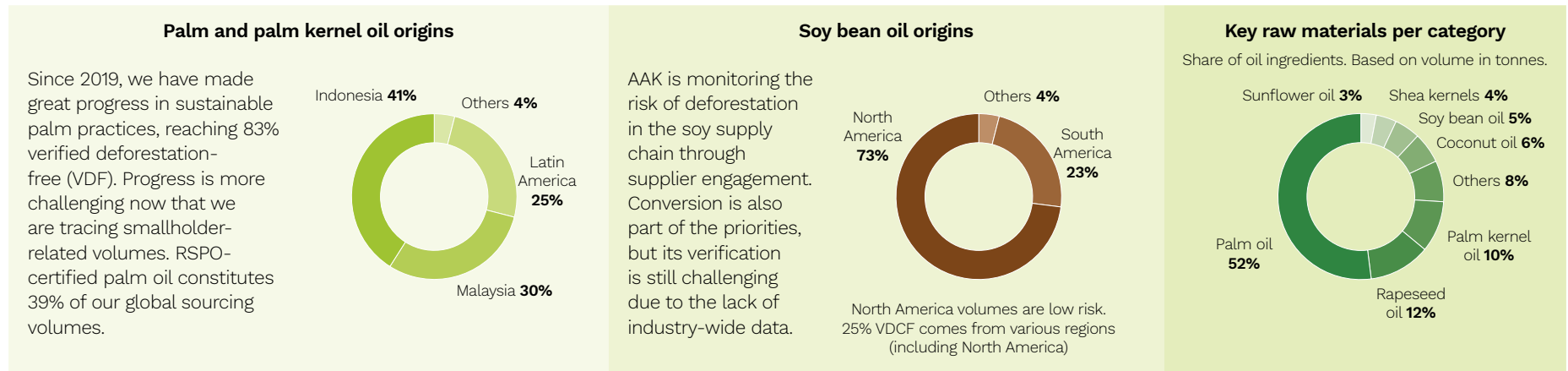
²⁾ climatefundsupdate.org

Our biodiversity roadmap

AAK's key targets to prevent land use change are 100% verified deforestation-free palm and 100% deforestation- and conversion-free soy supply chains by 2025.



Upstream priorities: palm and soy



Achieving deforestation- and conversion-free supply chains

To safeguard biodiversity, we prioritize land use and actively engage in ecosystem protection, focusing our strategic efforts on four key areas to achieve these goals: Proactive monitoring and supply chain engagement, reactive supply chain engagement, multistakeholder collaboration, and root cause mitigation and restoration.

Proactive monitoring and supply chain engagement

Traceability: Traceability in the supply chain is an important tool to enable effective supply chain monitoring and engagement. It's the foundation for understanding potential risk exposures and responsibilities in our supply base.

We progress on traceability through supplier engagement and information sharing. Our requirements for traceability are aligned with suppliers' way of working and verified by third parties like Control Union. We can furthermore make progress by strategically awarding high-performing suppliers a larger share of our volume. In 2023 we achieved 91 percent traceability to plantation in palm. For soy we achieved 99 percent traceability to country of origin.

Satellite monitoring: Satellite monitoring has been deeply embedded in our biodiversity due diligence approach. In 2023 our satellite monitoring covered 100 percent of the mills in our supply chain for palm and coconut supply base in Malaysia, Indonesia, Philippines, India, Papua New Guinea, African countries, and Latin America. It covers more than 15 million hectare of land area. The technology services help us to become aware of potential deforestation issues. Real-time information allows us to act swiftly and proactively engage with suppliers to investigate a possible situation.

Reactive supply chain engagement

Grievance management: Grievance management entails reporting and monitoring of potential responsible sourcing breaches. We investigate and follow the status of all reported breaches of our AAK Group Policy and Code of Conduct for responsible sourcing of plant-based oils. This includes deforestation alerts, peatland development, human rights and labor rights violations, land conflicts, and governance issues. We receive reports from various stakeholders including our satellite monitoring partners, customers, local authorities, and non-governmental organizations. Our grievance management procedure is inclusive for all key raw materials in AAK.

We follow our publicly available grievance management procedures with all issues raised. Our grievance process involves five key steps beginning with logging grievances from external parties, assessing their validity and impact, conducting thorough investigations, and developing and implementing action plans which are followed by regular progress checks to ensure compliance with these plans. The process concludes with a decision to either lift or continue supplier suspensions based on their corrective actions.

Between 2015–2023 there were 127 reported breaches of our AAK Group Policy and Code of Conduct for responsible sourcing of plant-based oils. The number reflects our reach and the active monitoring of the



palm sector. During 2015–2023 a total of 51 palm companies have been suspended because of breaches against our policy. In 2023 we see that 8 percent of reported breaches were not in supply chain and 28 percent not in scope of our policy. Two palm suppliers have been able to lift their suspension during the year after following our remediation process.

The average handling time of grievance cases in AAK's supply chain is 1 year, from the start of an investigation, completion of the investigation, through to closure and follow-up activities. In 2023 we added 17 new cases to our grievance tracker. Three of them are still active, and 14 have been closed. See pages 45–46 for more information on grievance management.

Multistakeholder collaboration

We believe that multistakeholder collaboration is the

most efficient way to Making Better Happen™ when it comes to preventing deforestation. We engage in a broad range of multistakeholder forums to support the development of pre-competitive and industry aligned tools and approaches to progress on collective challenges.

Root cause mitigation and restoration

Smallholders grow approximately 40 percent¹⁾ of the world's palm oil, yet they often experience low productivity which can lead to struggling livelihoods. Forest encroachment, fires or illegal logging can be the consequence. Engaging with smallholders as part of our biodiversity strategy is therefore essential for mitigating deforestation or conversion. AAK is currently supporting three projects that address root causes for deforestation. Malaysia focuses on achieving RSPO certification on jurisdictional level, including

independent smallholders. During 2023, 153 smallholders were certified, achieving a total of 342 smallholders being certified since 2020 and a total of 2735 smallholders being engaged since 2015.

We support the Solidaridad project in Mexico, which promotes good and sustainable agricultural practices to increase fruit and oil productivity. At the end of 2023 a total of 1096 smallholders had been engaged in the project since the start in 2019. Another example is our five-year partnership with Musim Mas and Nestlé in Indonesia providing good agricultural practice training to palm oil smallholders. In 2023, a total of 1,177 (accumulated since 2021) smallholders were engaged in the initiative.

¹⁾ <https://rspo.org/as-a-smallholder/>

Engage to transform:

AAK's four keys to manage land use and protect ecosystems



Proactive monitoring and supply chain engagement

- Traceability across key raw materials – knowing our origins
- Satellite monitoring of 100 percent of our palm and coconut supply chains



Reactive supply chain engagement

- Grievance management procedure including remediation
- Public grievance tracker



Multistakeholder collaboration and certification

Active members of:

- Roundtable for Sustainable Palm Oil (RSPO) including audits
- Palm Oil Collaboration Group (POCG) including third-party verification
- Global Shea Alliance
- Sustainable Coconut Partnership

Additional globally recognized tools/certifications:

- Round Table on Responsible Soy (RTRS):
- Rainforest Alliance
- ProTerra
- ISCC



Root cause mitigation and restoration

- Smallholder project in Mexico with Solidaridad
- Smallholder project in Indonesia with Nestle and Musim Mas
- Jurisdictional certification project Forever Sabah in Malaysia, including independent smallholders
- Ecosystem conservation with the National Forest Seed Center of Burkina Faso (CNSF)

EUDR implementation development

AAK is on course to achieve to full compliance with the European Union Deforestation Regulation (EUDR), which is set to take effect on December 30, 2024.

The EU published the EUDR on June 29, 2023 that takes effect on December 30, 2024. The regulation is aimed at removing deforestation linked to consumption and production of specific agricultural commodities including cattle, cocoa, coffee, palm oil, soy, wood, and rubber.

Progress already, but compliance necessary

For AAK, this means we need to prove that the palm and soy products we import and process are not linked to any deforestation or forest degradation through providing polygon data traceable to the plot of land and validating legal compliance of the actors in our supply chain. A detailed due diligence system is being put in place to address this.

Although we agree with the intention of the legislation, the practical implementation details are significant and still require clarification. It seems likely that the administrative burden and additional costs for multiple actors in the supply chain are disproportionate to any positive impact. This is especially true for palm, where the industry has already succeeded with producer governments interventions reducing deforestation from its supply chain.

AAK's approach

This new regulation impacts the entire value chain. AAK is fully committed to ensuring

compliance in line with the legislation timeline and is expecting future clarification on its implementation. Our approach revolves around the following aspects:

Legal and compliance: Continue engagement at government and industry level to clarify the legislation's details.

Supply and operations: AAK is working closely with suppliers to ensure compliance with traceability and legal requirements, including quality and commercial requirements.

Operations, supply chain, and product management: Reconsider “make or buy”, which includes investment decisions.

Customers: AAK is evaluating potential impacts to our portfolio, and we are ready to support our customers with suitable alternatives.

Overall we are confident that, through collaborative efforts with our customers and suppliers, we can successfully implement new co-development initiatives. This collaboration is key to ensuring that there are minimal disruptions to our customers our business and the EU food supply chain.



Case

European Union Deforestation Regulation

Objective: To eliminate deforestation caused by EU consumption and production.

Key Commodities Affected: Includes palm oil, cattle, cocoa, coffee, soy, wood, and rubber.

Entry into application: December 30, 2024.

Geographical Scope: Applicable to companies operating in EU member states.

Supply Chain Transparency: Mandates full traceability to plot of land.

Compliance Requirements: Companies must conduct thorough due diligence to ensure suppliers adhere to legal requirements and provide proof of deforestation-free supply bases.

AAK initiatives towards regenerative agriculture and reforestation

More than half of the world's farmland is degraded¹⁾, mainly from industrial farming practices like heavy machinery and chemical use. Regenerative farming, which focuses on revitalizing soil health, offers a solution to this problem.

Healthy soils not only yield abundant, nutritious food but also store more carbon and support a diverse range of species, enhancing biodiversity¹⁾. Additionally, such soils improve vital ecosystem services like water storage and drainage.

In 2023, AAK identified regenerative agriculture as a key focus area, a field still lacking a global definition. We view it as a process, not a destination, and aim for at least one of the following practices to be implemented at the farm level: supply chain monitoring and engagement, certification schemes supporting regenerative practices, and reforestation and replanting.

Supply chain monitoring and engagement

In 2023, we started engaging our rapeseed supply chain on regenerative agriculture practices. We have identified soil organic carbon, buffer strips and good crop rotation as KPIs to promote within this farming system in the future. Read more on page 18.

Certification schemes supporting regenerative practices

While there is still limited consensus on what regenerative agriculture is and from what threshold onwards a farming system can be called regenerative, AAK acknowledges that existing certification schemes already offer and include good agricultural practices that fall under regenerative agriculture.

We are considering Regenerative Organic Certification from Rainforest Alliance and are exploring what role RSPO can play for regenerative agriculture in the future.

Reforestation and replanting

Since 2019, we have been implementing reforestation projects in our shea and coconut supply chains to secure raw material availability and landscape protection. Our pilot tree planting projects address tree loss and ecosystem pressure, with goals to educate suppliers and locals on tree replanting, share best planting practices, and combat tree loss through reforestation.

In 2023, we planted 34,388 trees in our shea supply chain, reaching a total of 144,833 additional shea trees, which is 96 percent of our 2025 target. We have distributed 7,820 coconut trees to farmers as of the end of the year, which is about 78 percent of our 2025 target.

Going forward

We will continue to drive progress on our VDF targets as well as further invest in our biodiversity strategy actions, focused on regenerative agriculture and ecosystem protection. We will also establish our biodiversity targets as part of our 2030 strategy.

People



AAK key priority

Advancing well-being and human rights

We are committed to creating a positive environmental and social impact worldwide by acting safely, ethically, and sustainably throughout the value chain.

Background

AAK is committed to respecting and embedding human rights throughout our business and value chain. Our commitment extends beyond the workplace, as we actively engage with the communities in which we operate. In our supply chains, we prioritize responsible sourcing focused on human rights including health and safety, while striving to improve livelihoods.

Our commitments

Our operations focus on human rights, employee safety, and well-being, and we are fostering a diverse, inclusive environment to achieve market-leading employee satisfaction. Our community efforts are centered on building meaningful collaborations between production sites and local communities and on engaging actively on social and environmental issues to be better neighbors. In our supply chains, we give precedence to sourcing ethically with an emphasis on human rights, which encompasses health and safety, and are committed to enhancing livelihoods.

Key targets & achievements 2023

Target	Data 2023 (2022)	Progress
Maintain a zero accidents culture	Lost time injury frequency rate 0.46 (0.6)	●
Support employee engagement, diversity and inclusion <ul style="list-style-type: none"> By 2030, have an inclusion index rate of 95% By 2030, have an attrition rate lower than 8% 	87% (82) inclusion rate ¹⁾ 17.2% (17.9) attrition rate	● ●
Human rights due diligence embedded across all key raw materials by 2025	35% ²⁾ of tier 1 palm suppliers connected to AAK on the SEDEX platform	●
Work to improve livelihoods within the supply chain with focus on smallholders and women	241,188 (293,302) women enrolled in Kolo Nafaso program ³⁾	●

● On track ● Ongoing ● Need for acceleration

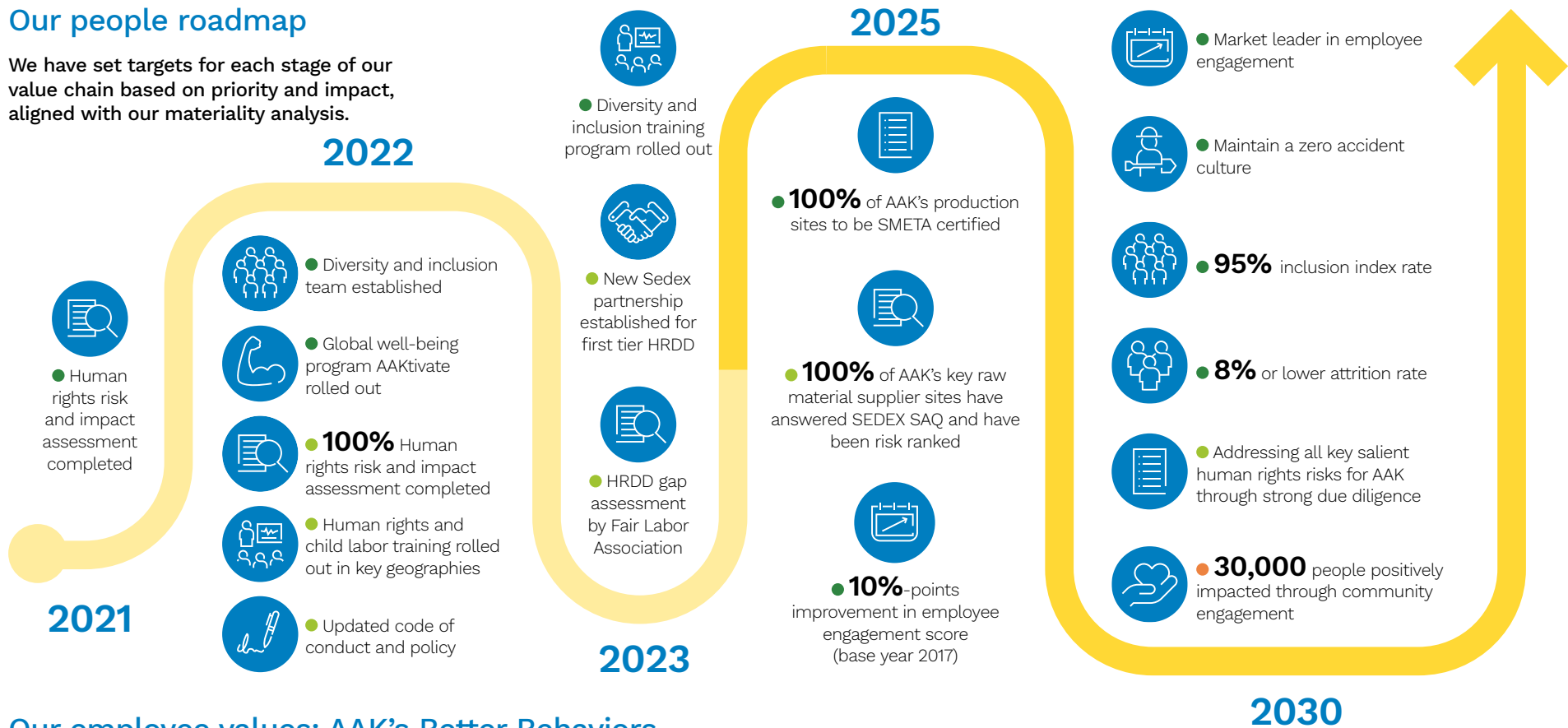
¹⁾ Inclusion rate measured every second year (2021: 82%).

²⁾ New target for 2023.

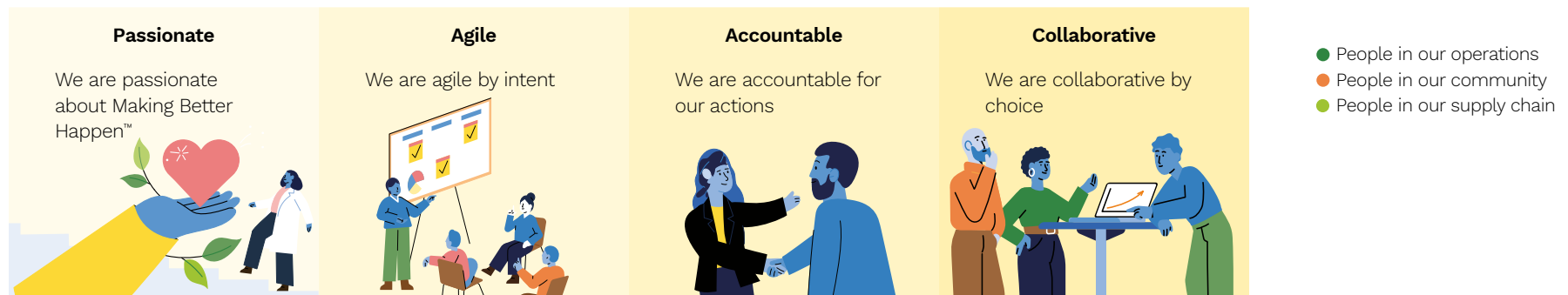
³⁾ During 2023, the political instability in Burkina Faso forced us to close down some of our operations resulting in a lower number of women in the program.

Our people roadmap

We have set targets for each stage of our value chain based on priority and impact, aligned with our materiality analysis.



Our employee values: AAK's Better Behaviors





People are at the heart of our business

We prioritize the well-being of everyone in our value chain, from farmers to our 4,100 employees, and communities near our 20 production facilities.

People in our operations

At AAK, we are united in our commitment to ethical standards and Making Better Happen™. Together we are guided in our decisions and actions by our Better Behaviors: passionate, agile, accountable and collaborative. We prioritize health, safety, equality, and inclusivity.

Maintain a zero accidents culture

Health and safety are top priorities at AAK. Through rigorous safety protocols, ongoing training initiatives, and a proactive approach to risk mitigation at all our sites, we aspire to create an environment where every employee feels secure and safe every day. Our journey towards a zero-injury workplace reflects our steadfast dedication to the highest standards of occupational safety, ensuring that everyone returns home safely each day.

An example of a local initiative launched during 2023 in our Karlshamn, Sweden, site is the “Safety Dialog” initiative. It enhances our systematic approach to workplace safety in production departments, involving internal audits, inspections, and addressing reported incidents, forming the foundation for safety discussions with all employees in each department.

Market leader in employee engagement

We partner with the global management research and consulting firm Great Place to Work Institute™ to enable us to drive employee engagement. This includes certifying business entities as a Great Place to Work and carrying out pulse surveys to make sure that we

are on the right track in fulfilling our commitments. To date, our operations in India, China, Malaysia, Uruguay, Colombia, Brazil, Ghana, Mexico, Benin, Burkina-Faso, Denmark, United States and Türkiye are Great Place to Work Institute™ certified. Our ambition is to improve our employee engagement score by 10 percent points by 2025. For this year, we are focused on our Culture Journey and have launched an employee-driven AAKulture Fund for improvement initiatives.

In 2023 we had an increase of 8 percentage points in employee engagement score since 2017.

Inclusion index rate of 95 percent

AAK is determined to attract, develop, and retain an inclusive and diverse workforce. This drives innovation, creates a trusting environment within our company, and contributes to the success and sustainability of our business. We know that diverse groups are proven to be more successful and effective. Today, we employ 59 different nationalities at AAK, including six in our Executive Committee. We continuously work to increase the gender balance. In 2023 we rolled out the global e-learning training “Global diversity and inclusion” to all our employees, available in ten languages.

Less than 8 percent attrition rate

At AAK, our focus is on maintaining a workforce with a retention rate below 8 percent by 2030. We strive to create a workplace environment that values and supports our employees, reducing attrition and

ensuring a stable, committed team. Through various strategies such as professional development opportunities, leadership development, employee well-being initiatives, and a positive workplace culture, we aim to not only meet but exceed industry standards for employee retention. During 2023 we reached an attrition rate of 17.2 percent. Our commitment to fostering a fulfilling and supportive work environment underscores our dedication to the long-term success and satisfaction of our team members.

Community involvement is key

At AAK, we acknowledge that community involvement is integral to both the enduring success of our business and the well-being of our local surroundings. With a history of active engagement in supporting communities surrounding our production plants, our goal is to establish sustainable and scalable initiatives that can be adapted to various locations.

We are dedicated to making a positive impact by actively engaging with communities. Our goal is to positively influence the lives of 30,000 people through community engagement initiatives directly supported by us by 2030. By utilizing our resources, expertise, and the active participation of our employees, we aim to contribute to community well-being and strengthen the bond between AAK and the communities we serve.

One example of how we engage with communities is our 2023 initiative, where the AAK China Extended Leadership Team visited a rural Chinese village to support local students and teachers. We organized science experiments and a Sports Carnival for 330 students and launched the AAK China Education Incentive Fund. With an initial contribution of SEK 150,000, this fund will reward high-performing students and teachers over four semesters from September 2023 to July 2025.

In India, we have two other examples of AAK community initiatives. One aims at raising awareness



By living all four Better Behaviors we will be Making Better Happen™

of malnutrition among young children, ensuring focus on health and nutrition. We also installed solar street lights in a separate project to ensure safety and mobility for people in the village.

People in our supply chain

A significant proportion of our raw materials are sourced from some of the world's most vulnerable regions and communities, making the well-being of people in our supply chain a key priority. We are rolling out a process for human rights due diligence with the aim to cover all our key commodities and suppliers by 2025.

Embedding the respect for human rights throughout our business and supply chain was the number one priority for us in 2023. We follow OECD guidelines for multinational enterprises on responsible business conduct. It is a process starting with committing to upholding human rights across our value chain, assessing the risks that we are facing, and mitigating prioritized salient risks accordingly.

In 2022 we launched an updated Policy and Code of Conduct for Responsible Sourcing of Plant-based Oils, strengthening our human rights commitments.

This policy was signed by 100 percent of the tropical oil suppliers by the end of 2023.

Aligned with our commitment to embed human rights due diligence in all key raw materials by 2025, we've partnered with the SEDEX platform. We now require all tier 1 suppliers to join SEDEX and complete the SEDEX SAQ by 2025. In 2023, we began primarily with our palm oil suppliers, successfully connecting 35 percent of them.

In 2023 we engaged with 4,100 smallholders in our palm oil supply chain through several initiatives, we directly engaged with 241,188 women in the Kolo Nafaso supply chain.

Going forward

Prioritizing supplier engagement and executing human rights due diligence (HRDD) processes is key going forward in our supply chain. Within AAK, a major focus is fostering a culture of diversity and inclusion, primarily through our D&I committee. This approach values diverse perspectives, enriches our workplace, spurs innovation, and drives collective success, all of which will make AAK an attractive work place.

Addressing human rights

We are working across our value chain looking “within our business”, “within our supply chain” and “beyond our supply chain” to identify, mitigate, and account for how we address our impact on human rights.

Our HRDD approach

For our human rights due diligence (HRDD) approach, AAK follows the UNGP principles for business and human rights and the OECD due diligence guidelines for responsible business conduct.

Within our business

To ensure that our policy is aligned with the latest insights and upcoming legislation (for example: EU Forced Labor Regulation and EU Corporate Sustainability Due Diligence Directive (CSDDD)), AAK started to review and update our “AAK Group Policy and Code of Conduct for Suppliers of Plant-based Oils” in 2023. The launch of the updated policy is set for the first half of 2024. This way we ensure that our policy commitments can be used as a guide for suppliers who are maturing their HRDD approach.

Within our supply chain

Implementing a due diligence system in our supply base was the primary priority in 2023, after assessing our risks and developing action plans in previous years for key raw materials. As AAK is based in the middle of the supply chain, a strong system and process for engaging our tier 1 suppliers (suppliers we directly buy from) is needed. We selected the well-established SEDEX platform.

We have also partnered with Proforest to develop a methodology to use the SEDEX SAQs to assess the supplier’s maturity in their human rights due diligence approach. A HRDD maturity matrix aligned with the Consumer Goods Forum methodology will create a supplier ranking on the maturity matrix and inform

further actions from AAK’s end. High-risk suppliers will be engaged to develop time-bound action plans. This approach is aligned with our Supplier Engagement Platform (SEP) we have already been using for Latin American palm oil mills. In 2023 we started to engage two palm oil mills, one in Mexico and one in Colombia, to communicate about their HRDD maturity and help them progress.

Beyond our supply chain

In the HRDD work we do beyond our supply chain, AAK is engaging with NGOs, industry associations, and peers to develop joint tools like risk assessments, aligned human rights due diligence approaches, and risk mitigation projects. In 2023 AAK was involved in the POCG Social Issues Working Group, where we contributed to the development of a HRDD maturity assessment at refinery level as well as a corresponding maturity matrix. As part of the People Positive Palm Project (P3 Project) initiated by the Consumer Goods Forum (CGF), AAK collaborated with the Fair Labor Association to gap assess our current HRDD approach and work on recommendations. This resulted in initiating the next update of our Supplier Policy.

In the shea supply chain, AAK has been collaborating since 2021 with key industry peers and the Dutch MVO in a joint project funded by the Fonds voor Bestrijding Kinderarbeid (FBK). In the first leg of the project a child labor risk assessment for the shea industry was executed, and the second leg is now focusing on mitigating possible root causes for potential child labor in shea. The partners are entering in the second phase of the project that should end in 2025.

AAK's tools for human rights due diligence



Making impact through Kolo Nafaso

Kolo Nafaso is AAK's direct sourcing business model for the shea supply chain in West Africa. At its core, the program aims to empower women through improved livelihoods.

Shea trees grow exclusively in Africa, specifically in the “shea belt” region, which includes parklands, bushlands, and agroforestry systems. Traditionally, it is women who collect the shea kernels and process them. Income earned from the crop provides women with funding to alleviate poverty and hunger, to invest in children's education, and to support other income-generating activities. It is estimated that in West Africa alone, around 16 million¹⁾ rural women depend on the seasonal gathering and selling of shea kernels to augment their income. AAK offer a wide range of support through Kolo Nafaso. We have people

on the ground who speak their languages, visit them regularly and maintain a good, supportive relationship, and we have been doing so for many years.

Two parallel supply chains

AAK has been sourcing shea kernels from West Africa for more than 60 years. We use two different supply chains. In the traditional supply chain, we purchase shea from suppliers and local partners. In the Kolo Nafaso supply chain, we source directly from the women who collect and process shea kernels.

Our impact and progress in 2023

In 2023 we engaged 241,188 women in the Kolo Nafaso program, about 8 percent of women in West Africa who collect and sell shea kernels. The program has been focusing on poverty alleviation and women's empowerment through direct trade, interest-free micro credits, and shea-collecting training. During 2023, the political instability in Burkina Faso has forced us to close down some of our operations resulting in a reduction on the number of women in the program.

Interest-free micro credits

At the heart of the Kolo Nafaso program is the offer of interest-free micro credits made available when money runs short before the harvest. AAK is conducting a survey every second year indicating that 70 percent of the women involved in the program reinvest their earnings for future needs, including

agricultural ventures and their children's education. The program also provides training in improved processing techniques and business practices. Kolo Nafaso presents a stable, long-term partnership with a guaranteed purchase agreement, but the women who participate in our program are completely free to sell their shea kernels to whoever they choose. The program is audited and verified by Proforest, an external non-profit organization that promotes responsible production and sourcing in agricultural commodities.

Building safer more efficient stoves

After harvesting shea, women traditionally boil the fruits over an open fire to prevent germination, a process that makes them vulnerable to burn injuries and smoke inhalation. To reduce these risks, AAK offers training in constructing improved stoves. In 2023, 11,345 stoves were built, adding up to 42,053 since 2016. These stoves have enhanced the occupational health and safety of the female shea collectors, who greatly appreciate the benefits. They value the reduced time spent gathering wood. Additionally, more efficient stoves allow for quicker meal preparation and provide a safer environment for both the women and their children.

Kolo Nafaso offers women:

- Pre-financing
- Training in better processing and business practices
- Freedom for women to do business, a buying guarantee
- A fully ethical and transparent business relationship
- A fully segregated and traceable supply chain for costumers

Case



AAK Sustainability Disclosure 2023

About this report

This is AAK AB's fifteenth stand-alone Sustainability Report covering our activities from January 1 to December 31, 2023. It is published once each year and is separate from AAK's Annual Report. This report was published on April 11, 2024.

AAK's Sustainability report

This report was published on April 11, 2024. It is prepared in accordance with the Global Reporting Initiative Standards (GRI) 2021 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. The report includes an overview of our non-financial performance, including our Statutory Sustainability Report. This is also where we provide additional detailed information about strategy, goals, programs and performance.

Reporting scope

The scope of this report encompasses the AAK Group consisting of the Parent and all subsidiaries including production sites, administrative offices, sales offices, customer innovation centers, and sourcing operations. Where there is a deviation from this in the reporting, this is explained in the text or in a footnote.

The scope of raw materials has been prioritized together with our partner Proforest and is based on risks, volumes and position in supply chain.

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. Moreover, it includes AAK sourcing, sales, and purchasing offices.

Data covering our operations are calculated per December 31, 2023. The Scope and completeness of this is continuously reviewed to include relevant activities. Scope 3 data includes supply chain, transportation and product life cycles.

The auditors opinion on the statutory sustainability report is found on page 98.

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 dedicated sustainability representatives and be part of the global sustainable operations community, also called "Better Operations". This community is aimed at driving progress together for the key sustainability KPI's, to benchmark the different sites and stimulates best practice sharing.

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 have been fully operational for a full reporting year and have a significant impact relative to AAK's total GHG emissions. During 2023 we used the spend based approach to calculate Scope 3 emissions except for sourcing where we have activity based data.

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 and not considered significant enough to correct data reported in previous years.

In order to improve the quality, availability and accuracy of the data and to improve the overall non-financial reporting process for AAK, we have implemented a digital reporting system in AAK for all reporting units.

Sustainability is a key part of our strategy

AAK contributes to the transition towards a sustainable food system and provides plant-based alternatives for fossil-based ingredients. Sustainability is integrated across AAK's business, regions, and functions. We have established sustainability goals with detailed roadmaps and action plans throughout our supply chain and operations, ensuring our commitment to Making Better Happen™ is consistently demonstrated across our entire value chain.

AAK's House of Sustainability is our sustainability management framework that structures and connects:

- AAK's sustainability priorities and commitments, which have been defined based on a materiality assessment.
- Sustainability goals and performance indicators to measure and drive progress.

Read more on our progress towards our commitments on page 9.

AAK's strategic approach to material topics

Engaging with our stakeholders to determine material topics

A materiality analysis is the foundation for setting priorities and is conducted every second year. In late 2021, we launched a stakeholder survey that carried into 2022. Designed to align with our House of Sustainability, the survey evaluated our impact

from plant to brand. We conducted personal interviews with external stakeholders, including investors, customers, NGOs, suppliers, and municipalities, and used a digital questionnaire for internal stakeholders, such as employees. The results and key topics were highlighted in our Materiality Matrix. During 2023 we conducted several deep-dive workshops with the Better Sourcing Sustainability team that focused on biodiversity, regenerative agriculture, and people, and that resulted in more detailed topics material to AAK. The Global Sustainability Leadership team reviewed and updated the materiality assessment for 2023 to properly reflect the focus of our work.

Materiality assessment approved by Board of Directors

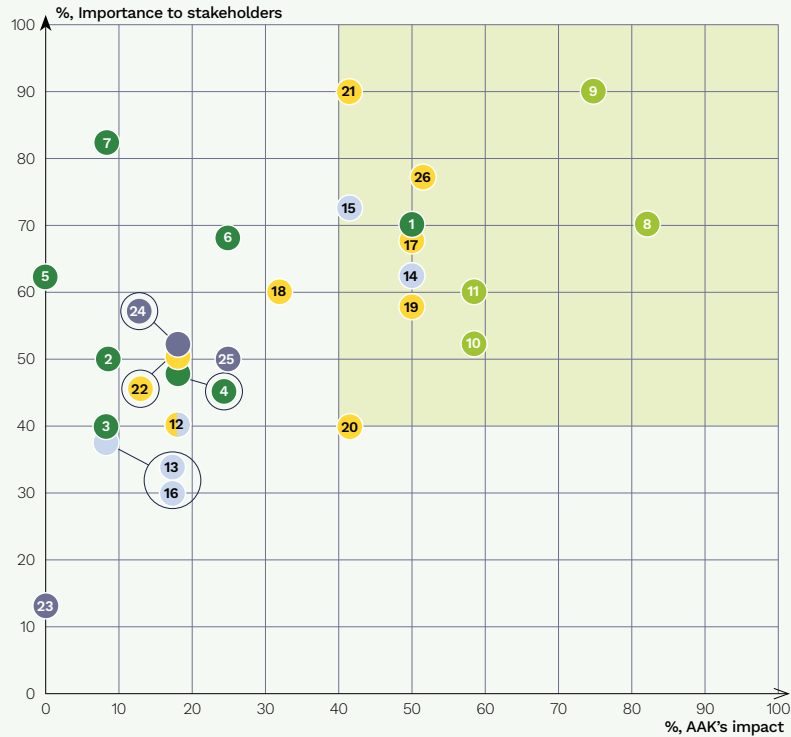
The updated materiality assessment has been presented to and approved by AAK's Executive Committee and Board of Directors. The European Green Deal and Action Plan on Financing Sustainable Growth come with a number of regulatory frameworks that are directly connected to the material topics for AAK. For more information, see page 39, Legislative developments in sustainability.

Our material topics

After management validation, the focus remains on the topics located in the top right corner of the matrix. However, based on an interest to capture most significant topics in the sphere of priority, some of the material topics have been updated with an increased scope. Overall climate, biodiversity, and people remain the most material topics for AAK, and our efforts to manage risks and opportunities related to these topics is fully aligned with AAK's business strategy, current commitments, and targets and priorities going forward. The new material topic identified is connected to human rights in our supply chain and reflects the focus that AAK has set.

Strategy & Governance

Materiality matrix



Basis Y-axis: Share of stakeholders responding “Very important”

Basis X-axis: Share of experts responding “Very high impact”

After management’s validation, the focus remains on the topics located in the top right corner of the matrix, highlighted in green.

Environment, Climate		Our commitments and ambitions
1	Reduce GHG emissions throughout the value chain	Reduce GHG emissions commitment and SBT ambitions
2	Improve climate resilience	Group Environmental Policy commitment and reporting in line with TCFD
3	Strive towards climate neutrality	AAK’s climate target is aligned with a climate-neutral pathway. 2030–2050 commitments under development.
4	Act to reduce water consumption throughout the value chain	Resource efficiency ambition
5	Promote circular economy within own operations	Circular economy ambition
6	Use renewable energy solutions	Resource efficiency ambition
7	Strive towards energy efficiency	Reducing GHG emissions and SBT ambition

Environment, Biodiversity		Our commitments and ambitions
8	Work to protect biodiversity and all natural ecosystems throughout the supply chain	Protecting biodiversity and ecosystems; reducing environmental impact commitment and ambitions
9	Act to prevent land use change throughout the supply chain, e.g. deforestation and conversion	Verified deforestation- and conversion-free ambition
10	Work on reforestation and replanting throughout the supply chain	Reforestation and replanting ambition
11	Support regenerative agriculture	Agriculture Ambition and Commitment have been developed during 2023

Social, People		Our commitments and ambitions
17	Use responsible sourcing methods with focus on working conditions including health & safety	Embedding the respect for human rights and empowering smallholders and women commitment and ambitions
19	Work to improve livelihoods within the supply chain with focus on smallholders and women	Safety and well-being ambition
18	Use responsible production methods with focus on working conditions	Safety and well-being ambition
20	Being a Better Neighbor: Engage with local communities on social issues or environmental issues	Being a better neighbor commitment and ambition
21	Act to ensure the well-being and safety of employees	Safety and well-being ambition
22	Support employee engagement as well as diversity and inclusion	Engagement ambition
26	NEW: Use responsible sourcing methods with a focus on human rights for all stakeholders and vulnerable groups	Embedding the respect for human rights

Governance, Compliance		Our commitments and ambitions
23	Report on sustainability efforts on a quarterly instead of an annual basis	Not reporting on quarterly basis yet
24	Work to ensure compliance with the AAK Code of Conduct	Activities ongoing but no commitment or ambition defined
25	Act in a transparent and responsible manner by using third-party verifications	Activities ongoing but no commitment or ambition defined

Solutions		Our commitments and ambitions
12	Increase the share of certified raw material volumes	(Below 40%) Increasing the demand for better solutions commitment and ambitions
13	Develop healthy product solutions	(Below 40%) Enhancing sustainable development with our solutions commitment and ambition
14	Increase uptake of raw materials with positive impact on people and environment	Livelihood ambition, part of increasing the demand for better solutions
15	Increase the traceability of our products	Enhancing sustainable development with our solutions commitment and ambition
16	Contribute to the development of plant-based production solution	SDG revenue ambition

Topics in blue have been updated

Together with an assessment of the planetary boundaries, a further contribution to the SDGs, and to demonstrate progress on these topics, we organized AAK's sustainability work around three key priorities:

- Reducing climate impact and building resilience
- Protecting and restoring biodiversity
- Ensuring the well-being of people in our operations, in our communities and in the supply chain.

The short- mid-, and long-term activities for reducing negative impact and increasing positive impact in these areas are described in roadmaps for each of the priorities on pages 15, 21 and 29. The operational model for driving progress related to priorities and governance, including oversight of the organization's due diligence, is described in our Strategy & Governance chapter. The progress and approach connected to each significant topic are described in the three related chapters Climate, Biodiversity, and People.

To ensure the completeness of this report, we have decided to include and assess the topics listed above using the GRI Universal Standards. Each topic is addressed according to the page indication in the GRI Index starting on page 90.

Legal frameworks and voluntary standards

International standards and conventions

Maintaining high ethical standards is a top priority for AAK, and we foster a corporate climate that supports ethical behavior from all our employees, suppliers, and business partners. AAK is committed to adhering to and upholding the following:

- UN Sustainable Development Goals
- UN Global Compact's ten principles in the areas of social relations, human and labor rights, environment, and anti-corruption
- OECD Guidelines for Multinational Enterprises
- United Nations Guiding Principles on Business and Human Rights (UNGPs)
- ILO Declaration on Fundamental Principles and Rights at Work
- ILO Core Conventions
- UK Modern Slavery Act

We work to fully align our business practices accordingly and, as a minimum, we comply with local laws and adhere to international standards concerning human rights and fair employment.

Legislative developments in sustainability

EU Green Deal

The European Green Deal consists of a series of major proposals, important commitments, and a detailed roadmap to create a net-zero EU by 2050. It is supported by an action plan whose purpose is to direct investments towards and raise finance for activities that support the transition to a climate-neutral, climate-resilient, resource-efficient, and just economy. The Corporate Sustainability Reporting Directive (CSRD), EU Taxonomy, and Sustainable Finance Disclosures Regulation (SFDR) form an integral part of the action plan. Read more about some of the major new legislative developments below.

Sustainable Finance Disclosures Regulation and PAI Report

In June 2023 AAK published its first Principal Adverse Impacts (PAI) report. Although the Sustainable Finance Disclosures Regulation (SFDR) requires financial market players to publish PAI reports, this requirement is

not directly applicable to AAK. We wanted to support our investors by giving them the necessary and relevant information to increase the transparency of investments.

Corporate Sustainability Reporting Directive

AAK is a multi-national company subject to disclosures of the current Non-Financial Reporting Directive (NFRD). The Corporate Sustainability Reporting Directive (CSRD) will replace the NFRD, expanding reporting requirements on non-financial information and enlarging the scope to cover more companies. The CSRD increases the scope of sustainability reporting with new disclosure requirements entering into force.

The sustainability priorities and significant topics need to be aligned with both the CSRD and European Sustainability Reporting Standards (ESRS). In 2023 AAK completed a gap assessment to identify any possible qualitative or quantitative gaps in relation to disclosure requirements outlined in the ESRS. Since we already report in accordance with the GRI framework, we are well prepared to meet the disclosure requirements expected by ESRS. However, gaps that have been identified through the gap assessment are being addressed. One of the gaps identified was related to data availability and reliability. As a result, we initiated a process to improve the quality of data for non-financial reporting by implementing a digital platform. The reporting system implementation is ongoing and is used for 2023 sustainability report. As part of preparation for CSRD, AAK has initiated a double materiality assessment (DMA). This is the cornerstone of CSRD disclosures and assesses the impacts, risks, and opportunities from both inside-out and outside-in perspectives.

EU Deforestation Regulation

In 2023 the EU published a regulation on deforestation due diligence with entry into application date December 30, 2024. Its objective is to prevent deforestation linked to agricultural commodities by requiring importers

to perform due diligence and submit evidence that the products being brought to the EU market are deforestation-free and legal. For more details, see the biodiversity section of this report on page 25.

UK Deforestation Act

Following the adoption of the EU Deforestation Regulation, the UK Initiated a new regulation called the Deforestation Act, which aims to prevent deforestation and increase transparency in supply chains. The regulations will apply to all UK commercial activity, and a due diligence system will be required to ensure traceability to production and plot of land. The regulation seeks alignment with EUDR, and the timeline for adoption and implementation is not clear yet. AAK is closely monitoring developments and preparing to meet the legal requirements.

Corporate Sustainability Due Diligence Directive

In response to the evolving sustainability landscape, AAK is closely monitoring and actively preparing for the implementation of the Corporate Sustainability Due Diligence Directive (CSDDD). The CSDDD is a comprehensive framework aimed at ensuring companies conduct thorough due diligence throughout their value chain, addressing both environmental and social issues. The directive requires companies to identify, assess, and prevent potential harm to both the environment and human rights arising from their activities.

Forced Labor Regulation

AAK is actively monitoring the development of a regulation specifically addressing forced labor in supply chains. This regulation seeks to establish a framework for investigating instances of forced labor within companies' supply chains. The proposed regulation mandates the withdrawal of all goods produced with the use of forced labor from the EU market, underscoring the EU's commitment to eliminating forced labor from global supply chains.

AAK is proactively engaging in industry working groups on both the CSDDD and Forced Labor Regulation. This proactive approach ensures that we align our development and implementation efforts with the evolving regulatory landscape. By participating in these groups, we aim to stay informed, contribute to industry best practices, and position ourselves to be fully compliant when these regulations take effect.

Taskforce on Climate-Related Financial Disclosures

For 2023, AAK reported in accordance with the Taskforce on Climate-Related Financial Disclosures (TCFD) framework. For more information, see p. 77.

The TCFD framework has been incorporated in the International Financial Reporting Standards (IFRS) S1 and S2, and companies have the option to continue following the TCFD recommendations for reporting year 2023. In 2024 AAK will start to report in accordance with the European Sustainability Reporting Standards (ESRS). A high level of interoperability is expected between IFRS S2 and ESRS. We are closely monitoring this development, and AAK will follow the interoperability map that will illustrate this from a practical standpoint for 2024 reporting.

Taskforce for Nature-related Financial Disclosures

In September 2023, the Taskforce on Nature-related Financial Disclosures (TNFD) was launched. TNFD's recommendations and guidance aim to facilitate the seamless integration of nature-related considerations in business and financial decision-making processes. AAK is actively monitoring and evaluating the TNFD framework. Biodiversity and environment are material topics to AAK, and in 2024 we will evaluate incorporating nature-related considerations in our reporting and decision-making processes, aligning with the global shift towards nature-positive outcomes.

Sustainability governance

Driving progress on sustainability

AAK's sustainability work is implemented through existing structures to embed our commitments and targets and to manage risks and opportunities from plant to brand. Our work demonstrates the interconnection between our corporate governance model and our operational model – the House of Sustainability – in relation to the material topics defined in our materiality analysis. Together they represent the organizational model for driving progress and ensuring board and management accountability and oversight.

Our corporate governance model

AAK's sustainability strategy

Our approach to sustainability is integrated at every level, starting with our internal operations and employees.

The main responsibility for AAK's sustainability strategy and management lies with the President of Global Sourcing & Trading and Sustainability, who is a part of AAK's Executive Committee. The Director of Sustainability reports to the President of Global Sourcing & Trading and Sustainability and leads the Global Sustainability Leadership Team across the different functional areas: operations, people, commercial development & innovation, reporting & compliance, IR & communications, and finance. This structure provides a holistic approach to our commitments and targets as defined in our operating model.

Board of Directors

The tasks of the Board are regulated in the Swedish Companies Act and AAK's Articles of Association. In addition, the work of the Board is regulated by the practices it adopts each year. AAK's Board of Directors has overall responsibility for the company's sustainability progress and performance. The Board

of Directors is informed regularly about sustainability Issues, including climate-related performance and AAK's progress against set commitments, targets, risks, and opportunities. The Board of Directors also approves the Sustainability Report, materiality assessment results, and our policy commitments. Board members are informed about our sustainability approach and progress through regular update meetings.

We are reviewing Board and management oversight processes to further strengthen sustainability governance at AAK.

The performance of the Board is evaluated annually through a process that is initiated and managed by the Chairman of the Board. See the Annual Report for more details.

For more details regarding the Board's structure, composition and role, see the AAK Corporate Governance Report, part of the Annual Report.

Nomination and selection of the highest governance body

The owners and Chair of AAK are responsible for the nomination and selection of the highest governance body. The Chair also secures that conflicts of interest within the Board are prevented and mitigated. The chair of the Board is not a senior executive in the company.

Audit Committee

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

Remuneration Committee

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. For more information on our remuneration policies and the process for determining remuneration, see our Annual Report.

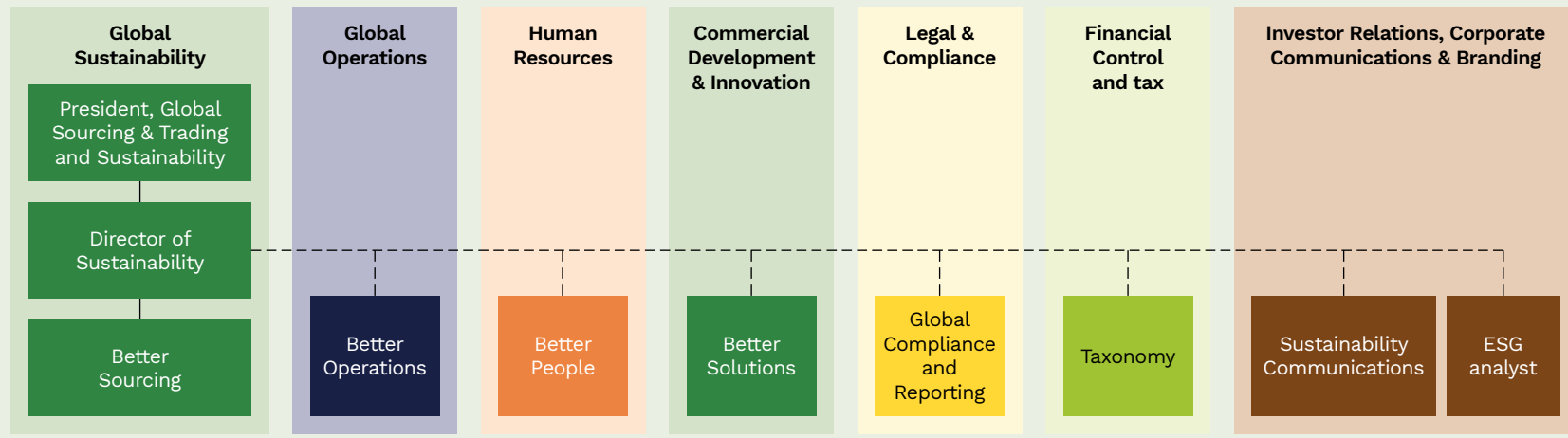
CEO and Group Management

The CEO and Group Management (Executive Committee) have operational responsibility for AAK's sustainability progress and performance. The responsibility for ESG-related commitments and targets is delegated from Board level down to Group Management level and further cascaded to management. Regular Executive Committee meetings are held to review progress and actions related to sustainability. These meetings are part of the regular Executive Committee meeting structure and not held separately.

Grievance Committee

The grievance committee is responsible for managing any potential breaches or violations of our responsible sourcing policy and supplier code of conduct. The committee consists of key sustainability team members, including the President of Global Sourcing & Trading and Sustainability, the Director of Sustainability, relevant sourcing and trading teams for different raw materials, and regional personnel who manage supply chain engagement.

AAK's corporate governance



AAK's operating model – The House of Sustainability

Governance

Business ethics

Our approach

AAK's efforts around business ethics are guided by our Group Code of Conduct and our policies.

Policies

To achieve Making Better Happen™ and to deliver on our compliance responsibilities, we have put in place relevant policies and codes based on international best practices, and we continuously implement improvement initiatives based on insights from engagement surveys, health programs, and risk assessments. Our Better Behaviors and Better Leadership principles help guide and inspire our employees in their everyday activities.

Supply chain

Our guiding principles for sustainable sourcing form the foundation of the AAK Group Code of Conduct for Suppliers and the AAK Group Policy for Responsible Sourcing of Plant-based Oils. AAK has the following policies in place related to our supply chain:

- AAK Group Code of Conduct
- AAK Group Code of Conduct for Agents and Distributors
- AAK Group Policy and Code of Conduct for Responsible Sourcing of Plant-based Oils
- AAK Group Palm Grievance Process
- AAK Statement on Modern Slavery Act

Operations

All AAK employees have the right to freedom of association and collective bargaining, including to freely form and join independent trade unions. 36 percent of our employees are covered by collective bargaining agreements. In our operations, the following policies are in place:

- AAK Group Sustainability Policy
- Remuneration Policy

Our impact and progress

In 2023, 92 percent of AAK's employees signed the Group Code of Conduct. These rules and expectations cascade to our suppliers, agents, and distributors through separate codes. In 2022, AAK established 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.

In 2023, there was one case of confirmed breach of AAK's ethical standards that led to disciplinary action.

Bribery and corruption

We assess operations related to corruption each year based on risk assessments that cover both fully owned and joint venture operational business units. On top of conducting risk assessments, AAK performs audits in our operations. The audits cover different areas, such as investments, customer relations and contracts, travel invoices, gifts, salary remuneration, and contracts with suppliers and customers. During 2023, all AAK regions were assessed for risks related to corruption.

During 2023, AAK's Anti-Corruption Policy, Anti-Money Laundering Policy, and Sanctions Policy were updated. The updated policies were rolled out together with a series of compliance courses covering topics such as corruption and bribery prevention, sanctions, and anti-money laundering. The training had a top-down approach and has been provided to ExCom and all regional and leadership teams at AAK. During the year, AAK also strengthened its compliance organization by adding additional resources.

All relevant employees are requested to take e-learning courses in anti-corruption and competition law. During 2023, 54 percent had completed

the course on anti-corruption and 46 percent had completed the competition law course. The target group for this training includes employees from Sales, Product Management, Purchasing, Sourcing & Trading as well as relevant people in leadership positions. In 2023, there were no confirmed incidents of corruption.

Compliance with laws and regulations

Our approach

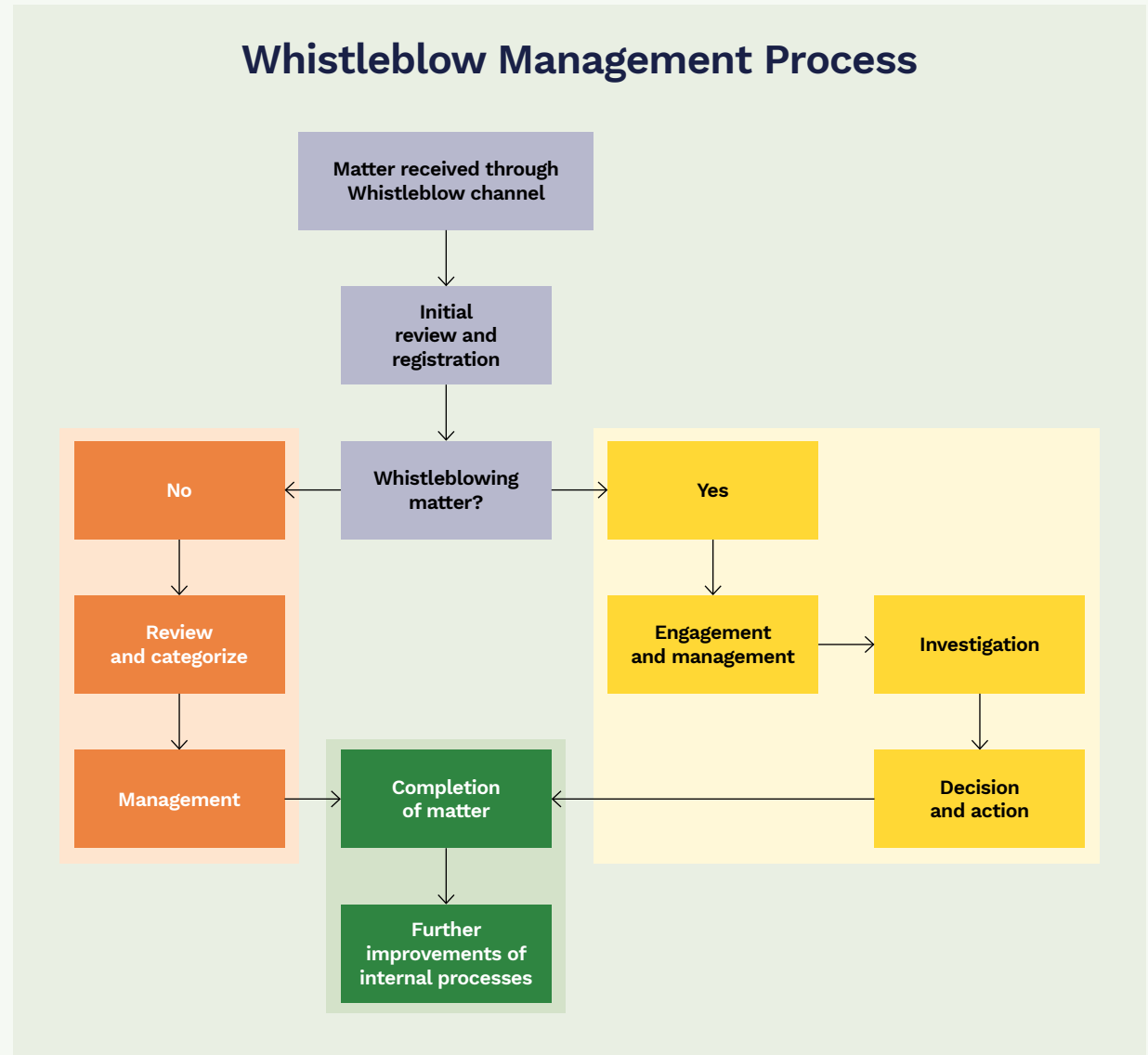
AAK operates globally, which requires high standards on AAK's control mechanisms to ensure compliance with our policies and codes. The trust we enjoy from both our stakeholders and our own employees is closely connected to our ability to uphold high ethical standards in all our activities, and we take all reports of possible material misconduct seriously. Compliance with laws and regulations is what earns AAK our license to operate. We aim to establish a value-driven culture where people are guided by a common moral compass when faced with difficult decisions, and where they act with integrity and speak up against misconduct or unethical behaviors. In 2023 AAK had no significant instances of non-compliance with laws and regulations that resulted in administrative or judicial sanctions or fines that had been appealed.

One key stakeholder group requiring robust due diligence mechanisms is our raw material suppliers of plant-based oils. Our due diligence mechanisms consist of policy rollout, supplier self-assessments, and supplier training to educate our suppliers on key sustainability compliance issues outlined in these policies and codes. Furthermore, we use supplier scorecards and sustainability audits.

Whistleblower system

AAK strives to maintain a transparent business climate and high business ethics. We value the safety and integrity of everyone affected by our business, and each and every one of us have a vital role to play in our success as a highly ethical company.

As a global company with complex supply chains and operations in several countries, it is essential that we have mechanisms in place to help us understand the sources of any misconduct. For this reason, a third-party whistleblowing service is available for both AAK employees and other stakeholders. With this service, people can anonymously report in their own language any 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 website, Group Code of Conduct, and intranet. Since the necessary confidentiality and anonymity are assured, anyone can report incidents without fear of reprisal. Any form of retaliation against an employee who raises an issue is a violation of our Code of Conduct. During 2023, two cases were reported via our whistleblowing service. We have followed the established whistleblower process for investigation and none of the cases was connected to breaches of legislation or our Group Code of Conduct.



Proactive supply chain management

Supplier due diligence progress

During 2023, a total of 62 suppliers were audited. The audits continue to focus on suppliers with increased sustainability risks. Any suspected non-conformances identified during supplier visits or audits, or brought to AAK's attention through grievance channels, are duly investigated. The findings are discussed, and a corrective action plan is created together with the supplier in question. The supplier must commit to the plan, and AAK follows up on its implementation. If a supplier does not take the necessary corrective actions, new discussions are held to examine the reasons, and at a higher management level if necessary. If a supplier is not willing to improve their performance, the relationship is either suspended or terminated depending on the specific issue and progress action plan. External audits are conducted by relevant auditing bodies or strategic environmental consultants specialized in specific certification or compliance standards (RSPO, Rainforest Alliance, ProTerra, ISCC, Proforest).

100 percent of our palm oil suppliers have signed our AAK Group Policy for Responsible Sourcing of Plant-based oils, 100 percent have been assessed in our palm oil scorecards, and 58 percent have ranked in the "Preferred" and "Satisfactory" categories since our continuous engagement with the suppliers. Furthermore, 35 percent of palm oil suppliers have been connected to us on the SEDEX platform and 20 percent have answered the 2023 SEDEX SAQ. We have engaged and progressed on human rights due diligence maturity, with two palm oil mills in Latin America, one in Mexico and one in Colombia. In 2023 we had nine new palm suppliers. In their onboarding process, all of them went through either our supplier management system or our supplier onboarding protocol, including social and environmental screening criteria.

100 percent of our shea suppliers signed our AAK Group Policy and Code of Conduct for Suppliers of Plant-based Oils.

100 percent of our shea suppliers completed our self-assessment questionnaire, 100 percent received training, and 99 percent were assessed through our new scorecard system for shea suppliers. We furthermore directly engaged with 241,188 women in the Kolo Nafaso program. The shea season runs from July 1 to June 31 every year. In the 2022–2023 shea season, we had 27 new suppliers, and in the 2023–2024 shea season we had 33 new suppliers. All suppliers have completed our supplier onboarding process including social and environmental screening criteria.

100 percent of our coconut oil suppliers have signed our AAK Group Policy for Responsible Sourcing of Plant-based Oils, and 50 percent have been assessed in our coconut oil scorecards. 100 percent took part in a traceability exercise, especially in relation to traceability to municipalities. Additionally, one strategic supplier has been trained in child labor due diligence in two multi-stakeholder workshops on site in the Philippines. In 2023 we onboarded two new coconut suppliers. Both suppliers completed our supplier onboarding procedure including social and environmental screening criteria.

Reactive supply chain engagement

Grievance management

The AAK Grievance Management Procedure (GMP) facilitates the response to and monitoring of complaints arising within AAK's upstream supplier operations. It describes the procedure and actions taken by AAK at each stage. We aim for the process to be easy to follow and transparent so that all relevant parties understand the expectations at each stage.

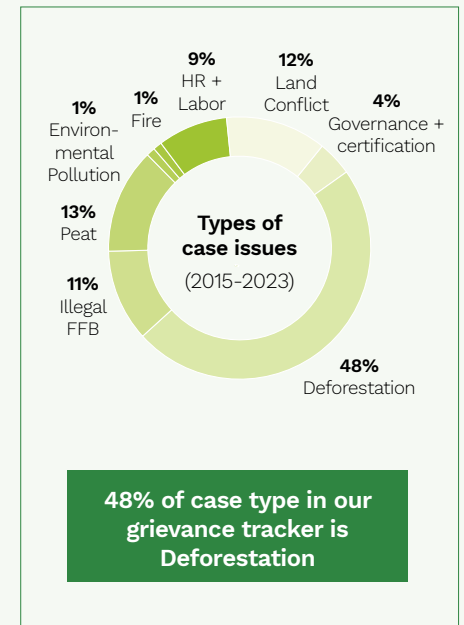
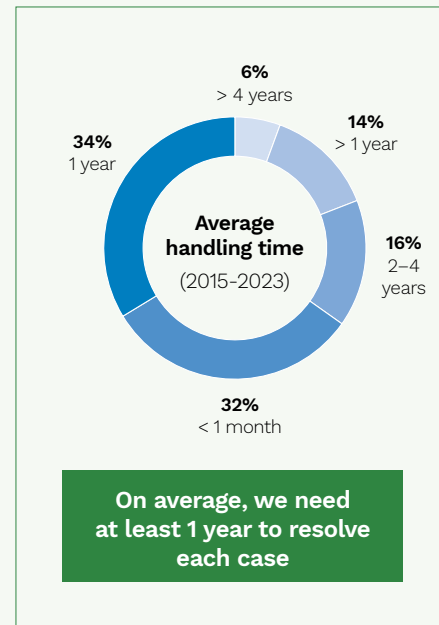
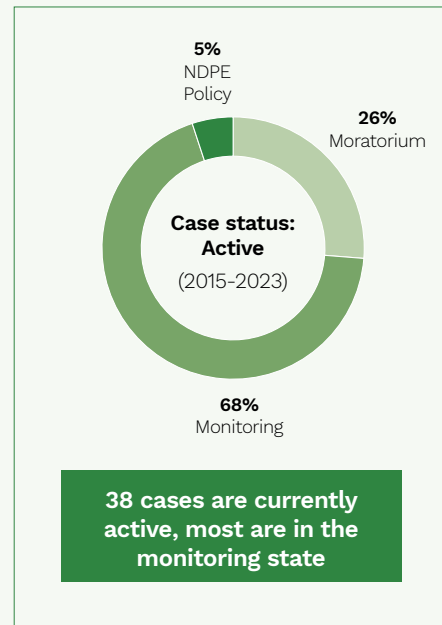
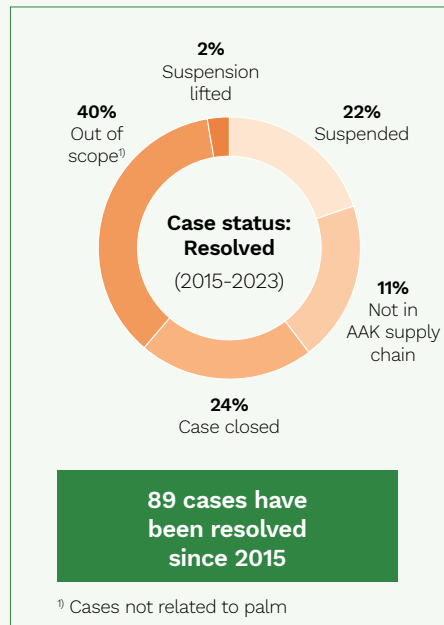
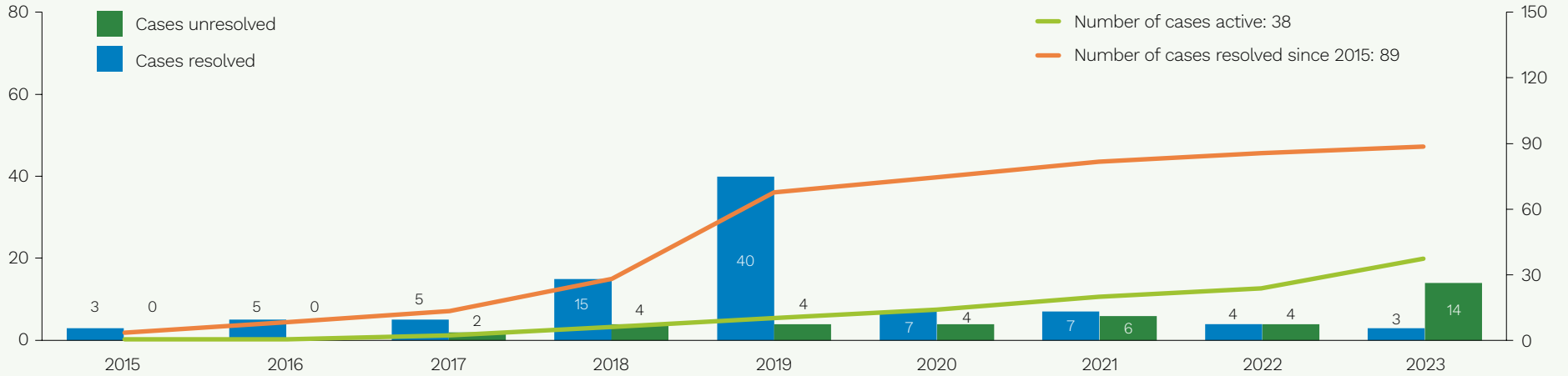
For an overview of our previous and active grievance cases, see page 46. The impact of a transparent GMP and disclosure promotes a more transparent, trust-worthy palm oil industry.

Our public grievance management tracker reflects the latest status of any specific grievance at any given moment. The decision on whether or not to lift suspensions at the end of a grievance management process is a key part of a well-functioning management procedure. At AAK, we have put a grievance management committee in place that reviews the status of our grievances and suspensions every quarter.

For our direct sourcing program Kolo Nafaso, we employ an integrated grievance mechanism that links women directly to Kolo Nafaso management. This gives the women the opportunity to deliver grievances and bypass their commercial contacts anonymously or personally. The verification of a functioning grievance mechanism is part of the yearly Kolo Nafaso external audit.

AAK's Grievance Management Procedure (FY2023)

- We have opened 127 cases since 2015, of which 38 are still active
- In 2023, 17 cases were opened, of which 14 are still active



Certified solutions

Accredited third-party sustainability certifications give greater transparency and demonstrate compliance with social, environmental, and financial requirements. By stimulating demand for certified solutions, we contribute to a more sustainable supply chain. Certification standards are part of AAK's toolbox for credibly mitigating risks identified in our various raw material supply chains. For each raw material, it is crucial to pick suitable certification scheme. AAK supports the following key certifications.

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 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. The Rainforest Alliance involves accredited third-party certification. Rainforest Alliance certification is applied to coconut supply chains within AAK.

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 environmental 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.

Roundtable for Responsible Soy

The Roundtable for Responsible Soy (RTRS) is a collaborative initiative focused on advancing sustainable practices in the soy industry. It brings together stakeholders from various sectors, such as producers, processors, retailers, NGOs, and government representatives, to develop strategies for promoting environmental and social responsibility. The roundtable establishes criteria for Certified Sustainable Soy and encourages adherence to these standards throughout the soy supply chain.

Regenerative Organic Certification

Regenerative Organic Certification (ROC) is an innovative standard for food, fiber, and personal care components, embodying global benchmarks for organic agriculture. It sets rigorous standards for soil

health, animal welfare, and social equity. Building upon the USDA Certified Organic standard, Regenerative Organic Certified incorporates additional criteria and benchmarks, consolidating the three key aspects of regenerative organic agriculture into a single certification. ROC oversight is managed by the nonprofit Regenerative Organic Alliance (ROA), comprising a team of experts in farming, ranching, soil health, animal welfare, and farmer and worker fairness.

Climate

Our climate compass

In our mission to incorporate climate change in our operations, we are closely monitoring the international scientific community's input and approaching the issues accordingly. Namely, AAK is already reporting data in accordance with:

- the Global Reporting Initiative (GRI). Provides a framework for sustainability reporting, including climate-related disclosures.
- the Carbon Disclosure Project (CDP). A global disclosure system that enables companies and cities to measure and manage their environmental impacts. Our CDP climate score for 2023 is D.

We are monitoring our value chains and providing the necessary transparency to aid their transformation into a climate-friendly status, able to nourish the world without putting at risk our and our ecosystems' well-being.

Climate resilience

During 2020, we started applying the Task Force on Climate-Related Financial Disclosures (TCFD) framework. The analysis in 2022 found that all key raw materials that AAK currently sources are likely to be impacted in some form by both the Business-As-Usual and the Net Zero Emissions by 2050 scenarios. This impact will differ significantly depending on sourcing origin, with palm, coconut, and soy likely to be most heavily impacted. Read more on page 76 for the complete TCFD analysis.

Climate targets

As of December 2023, AAK is officially aligned with the Paris Agreement of 2015, as our Science Based Targets have been approved. Information on our ambitions and progress can be found in the front section of this report (page 16).

The SBTi process

- **2020:** AAK signed the Science Based Targets initiative (SBTi) commitment letter.
- **2021:** 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 against a 2019 baseline.
- **2022:** AAK submitted Scope 1 and 2 Science Based Targets and non-FLAG Scope 3 Targets.
- **July 2023:** AAK, taking into consideration the newly published FLAG guidance, updated and resubmitted its Scope 1, 2 and also Scope 3 FLAG and non-FLAG targets.
- **December 2023:** AAK received approval from the Science Based Targets Initiative Board for Scope 1, 2 and 3 (FLAG and non-FLAG) targets.
- All SBTi submissions are in line with the 1.5-degree global warming scenario.

Applying the FLAG guidance

For AAK, land intensive activities make up 67 percent of our Scope 3 emissions, which means that we are required to set a FLAG target. Our Scope 3 screening, based on 2019 baseline numbers, showed that purchased goods and services account for about 95 percent of the emissions of AAK's global environmental footprint. The key raw materials included in the assessment were palm, palm kernel, coconut, and rapeseed, which together with inbound and outbound transport covers 80 percent of the emissions in our upstream supply chain. It was noted that land-use change and palm oil mill effluent from processing were the main sources of emissions in the supply chain.

Emissions in the supply chain

Our impact and progress

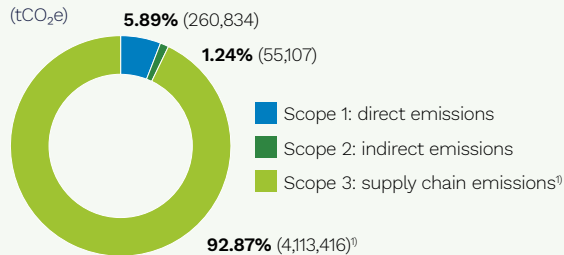
The agricultural emissions in our supply chain significantly impact the environment and comprise more than 65 percent of our total GHG emissions. Our assessment showed that crop cultivation and processing contribute substantially to greenhouse gas emissions. In 2023, we made efforts to quantify these emissions through detailed measurement and analysis. Our progress includes:

- Tracking emission hotspots within our supply chains, namely implementing a farm-level emissions tracking method for our rapeseed supply chain and mapping our ability to capture palm oil mill effluent (POME) at a mill level for our palm oil supply chain.
- Implementing data-driven methods of reducing our climate change impact, such as replacing traditional methods of boiling the shea kernels with carbon-saving rocket stoves in our shea supply chain.

Reducing greenhouse gas (GHG) emissions in our supply chain

In 2023, AAK's supply chain emissions in scope of our targets contributed 6,817,620 tCO₂e in total, which is more than 95 percent of our total GHG emissions.

GHG emissions breakdown



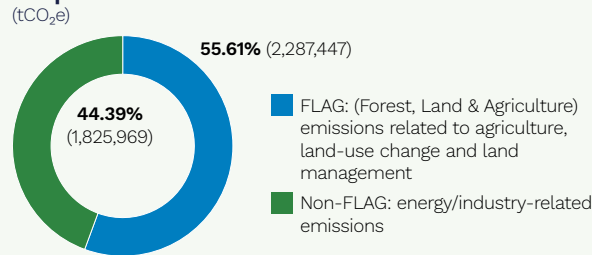
Stakeholder engagement

Engaging stakeholders across our supply chain remains important in addressing agricultural emissions. By collaborating with our suppliers, from farms and plantations, to mills and refineries, we have fostered a dialogue about sustainable practices. Through workshops, training sessions, and partnerships, we have shared best practices for emissions reduction. Stakeholder engagement serves as a channel for knowledge sharing and encourages the adoption of eco-friendly techniques in crop cultivation, harvesting and post-farm processing.

Some examples of our engagement with our suppliers include:

- Continuously increasing the proportion of deforestation- and conversion-free palm and soy in both our sourcing processes and our offerings.
- Multi-stakeholder and two-farmer workshops in our coconut oil supply chain.
- Educational sessions on the importance of preserving shea trees and using rocket stoves versus traditional methods of boiling the shea kernels.
- Raising awareness about ways to measure on-farm emissions and how to track the positive impact generated through regenerative agriculture.

Scope 3 FLAG & non-FLAG emissions 2023¹⁾



Key contributors

Farm practices and land use significantly contribute to emissions in our supply chain. Intensive fertilizer use, inefficient irrigation, and land conversion are primary contributors. Understanding these contributors enables us to target specific areas for improvement. We are on our way to reaching 100 percent deforestation- and conversion-free products by 2025. At the same time, our collaborative efforts with farmers focus on adopting precision agriculture, optimizing fertilizer application, promoting cover crops, and encouraging sustainable land-management practices to mitigate emissions.

Identified risks and mitigation

Mitigating agricultural emissions involves multifaceted strategies. Implementing precision farming techniques reduces fertilizer use and minimizes emissions. Encouraging regenerative agriculture, such as no-till farming and crop rotation, aids carbon sequestration. Moreover, promoting agroforestry and integrating trees within farms serves as a natural carbon sink. Continued research, innovation, and investment in sustainable technologies support our commitment to further mitigate emissions in our vegetable oil production supply chain. Read more on pages 18 and 26.

Emissions in operations

Our impact and progress

Reducing greenhouse gas (GHG) emissions in our operations

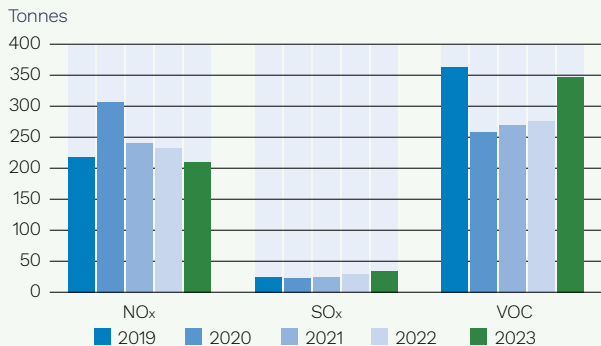
In 2023, AAK generated 315,941 metric tonnes of CO₂e including Scope 1 and 2 emissions. Our Scope 1 emissions decreased by 4.9 percent (16,846 metric tonnes) and the Scope 2 emissions have decreased by 3.5 percent (12,149 metric tonnes). This is an overall

¹⁾ Only including the emissions within the scope of our SBTi targets

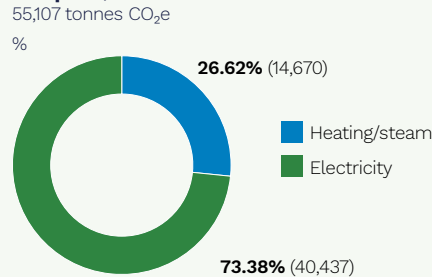
improvement of 12 percent compared with our base year 2019 (and 8.4 percent compared to 2022) and represents a total reduction of 43,116 metric tons of CO₂e compared with our base year 2019 (and 28,995 metric tons reduction compared to 2022). During 2023, market-based and location-based Scope 2 emissions were 40,437 and 54,317 tonnes of CO₂e, respectively.

Our production sites emitted 211 metric tonnes of NO_x (nitrogen oxide) and 34.7 metric tons of SO_x (sulfur oxide) in 2023 through the combustion of fuel on site. Approximately 347.7 metric tonnes of VOC (volatile organic compounds) were emitted, primarily from sites that run extraction and solvent fractionation processes. VOC emissions increased by 6.6 percent during the year, mostly due to an increase in the volumes processed. Going forward, we will continue to mitigate these types of air emissions, and we are also tracking biogenic CO₂e emissions, which are produced from the combustion of biomass. During 2023, we had no biogenic emissions. We purchased 10,631 kg of ozone depleting substances (ODS). Several sites showed progress in phasing out ODS. During 2024, an old heat exchanger will be phased out. This is in line with our ongoing global effort to phase out ODS.

Direct emissions



Scope 2, GHG emissions



Identified risks and mitigation

Our most significant environmental risks relating to GHG emissions in Scope 1 and 2 are our resource-intensive production and the amount of waste we generate. 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 monitor the required progress.

We apply precautionary management actions to mitigate and remedy potential adverse impacts on the environment and people. We systematically work to meet environmental regulatory requirements and to reduce emissions. Our work is supported by international third-party certification systems such as the ISO 14001 environmental management system and ISO 50001 energy management system.

Significant sources of GHG emissions in our raw materials value chain are land use change and palm oil mill effluent produced in processing at mill level. Palm and palm-kernel oil are the raw materials in our supply chain that produce the biggest share of greenhouse gas emissions.

Energy in operations

Our impact and progress

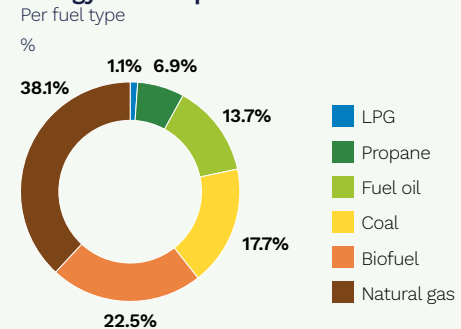
In total, our production sites consumed 5,412,930 GJ, where total primary energy consumption was 4,401.595 GJ, and total secondary energy consumption was 1,011.335 GJ.

Our related climate target is:

- 100 percent renewable electricity by 2025.

In 2023, 64.4 percent of our electricity was renewable, a decrease by 5.6 percentage points since 2022.

Energy consumption



Going forward, AAK will continue to explore energy efficient solutions and get back on track with regard to our energy consumption, as new sites are included and new technologies are implemented in our SBTi roadmap.

Circularity

Our impact and progress

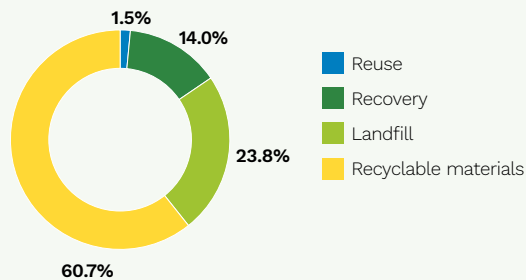
AAK has a comprehensive waste management process in place. During 2023, AAK generated 28,858 tonnes of waste overall – a reduction of 52.4 percent compared to 2022. 61 percent of our waste was recycled. Our sites generated 556 tonnes of hazardous waste and 28,303 tonnes of non-hazardous waste. Our overall amount of waste was reduced as a result of a general focus on the topic. For example, efforts have been made to avoid the intake of packing materials. Hazardous waste has been reduced thanks to efforts to find non-hazardous alternatives. However, our waste to landfill has increased from 4,286 in 2022 towards 6,879 tonnes in 2023 due to increased production in the USA where the use of landfill is widespread.

AAK used 2,234,955 tonnes of material to produce and package the organizations' primary products and services.

During 2023, 2,234,955 tonnes were renewable (including raw material), and 942,209 tonnes were non-renewable material.

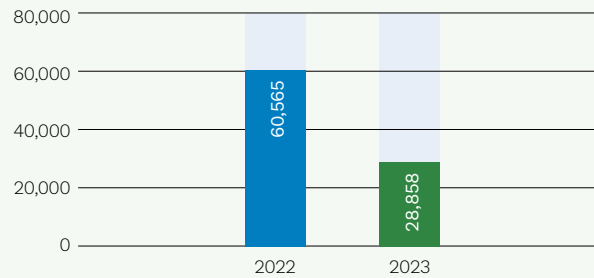
2023 waste disposal

% of tonnes



Total waste

(tonnes)



Identified risks and mitigation

To meet the market demand for more sustainable alternatives, side stream utilization and upcycling present important business opportunities for AAK. Progress is being made on offering more plant-based products, replacing non-sustainable materials such as fossil-based materials, and implementing solutions that reduce waste.

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 replacements for bleaching earth to achieve our ambition.

The information reported has been collected from the operational sites and their disposal contractors.

Water

Water stewardship is an area of increasing importance and provides opportunities to reduce costs by using water and energy more efficiently.

AAK's CDP water score for 2023 is D.

Our approach

We mainly use water for cooling purposes in our operations. Our main focus is on water optimization and the reduction of freshwater consumption, such as municipal water use. Our ambition is to reduce our freshwater consumption by 50 percent compared to a 2019 base year. By focusing on water efficiency, we are not only building a more responsible business, but also a more resilient company with regards to the anticipated consequences of climate change.

Our impact and progress

During 2023, there was an 8.6 percent reduction in water use compared to 2022. There were no instances of water withdrawal or consumption from water stress areas. 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. During 2023, we continued to focus on reducing the use of fresh water; however, our increased production in the US affected water consumption.

Water withdrawal	Total withdrawal (m³)
Seawater	25,643,548 (28,053,899)
Municipal water	3,298,706 (2,168,147)
Ground water	409,521 (524,615)
Surface water	1,549,786 (3,051,355)

Delivering clean water to communities

Together with Saha Global, our clean water solutions partner, we are installing water treatment units in Kolo Nafaso communities in Ghana. In 2023, two new water treatment units were installed. The nine units that we have installed to date provide clean water to 2,841 people in Kolo Nafaso.

Identified risks and mitigation

Our approach to water stewardship is built on the assessment of local conditions at the sites where we operate. We measure and monitor water use to identify potential savings and communicate and engage with stakeholders to promote water efficiency. We apply precautionary management actions to mitigate and remedy potential adverse impacts on the environment and people.

Policies

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 our focus on ISO 14001 certification, and to assess ESG progress more extensively.

During 2023, we have carried out re-evaluation and gap assessments in connection with our work on climate resilience, upcoming regulations and the reporting of ESG frameworks, and decided to update our Environmental Policy. The process of updating the policy was started in 2023 and involves relevant stakeholders from different parts of the organization, in order to secure the right competencies and inputs. The updated policy will be available in 2024.

Materiality topics risk assessment for climate change

Key theme	Risk definition	Risk classification ¹⁾	Mitigation measures
Reduce GHG emissions throughout the entire value chain	<p>Definition: Greenhouse gas emissions are responsible for the greenhouse effect and global warming and, ultimately, cause climate change. Climate change has multifaceted and far-reaching consequences, impacting various aspects of the environment, society, the economy, and public health.</p> <p>Risk Exposure: AAK, as addressed in this report, contributes to climate change mainly via its Scope 3 upstream operations, while Scope 1 & 2 account for almost 5 percent of its total emissions. AAK is affected in a variety of ways by climate change. At the same time AAK is primarily sourcing agricultural products, which are then further processed. AAK relies on raw materials, which are directly affected by climate change, as discussed above. This raises risks when securing a supply chain network that can cover AAK's needs. At the same time, AAK, or its customers around the globe, also risk being directly affected by extreme weather or other natural events, which will directly or indirectly influence AAK's business. At the same time, AAK is active in 20 sites around the globe and employing more than 4,000 people, who are also likely to be affected by climate change's consequences.</p>	●	<ul style="list-style-type: none"> • Aim to increase VDF and RSPO-certified uptake. • Rapeseed climate platform. • Palm oil mill effluent data capture and supplier engagement. • Carbon saving rocket stoves in shea. • Green electricity ambition, including investments in renewable energy generation at site level. • Waste reduction initiatives.

Risk classification

- High risk of negatively impacting climate change
- Medium high risk of negatively impacting climate change
- Medium low risk of negatively impacting climate change
- Low risk impacting of negatively impacting climate change

¹⁾ Before mitigation, risk classification has been allocated by assessing AAK material topics on the dimensions of risk likelihood and severity, considering factors such as scale, scope, and irremediability. The risk classification displays an overall and potential risk exposure.

Our biodiversity compass

In 2023 AAK assessed a range of physical biodiversity risks broader than the deforestation and conversion risks, which we have been working on for several years. The risk assessment was conducted using the **WWF Biodiversity Risk Filter tool** at country level and included a broad range of physical and reputational biodiversity risk indicators.

While this analysis offers great insights into a comprehensive list of biodiversity risk indicators, AAK will need to move from general country level assessments to sourcing analyses specific to regions and raw materials.

Overall, medium to high biodiversity risks across all sourcing countries have been identified with regional differences in hotspots. One focus area relevant globally is soil health, with most sourcing countries experiencing high to very high risk for soil health impacting yields and long-term raw material availability. This indicator is based on Soil Organic Carbon Content (SOC). Areas of very high risk are estimated to have poor soil condition due to an average of less than 30 tons of soil organic carbon per hectare.

In our biodiversity work, we are guided by three key themes that have specific targets:

- 1) Work to protect biodiversity and all natural ecosystems throughout the supply chain. Considering the broad scope of this theme, the implementation has been integrated into “Act to prevent land use change throughout the supply chain” and “Future-proof agriculture”.
- 2) Act to prevent land-use change throughout the supply chain, e.g. deforestation and conversion.
 - 100 percent verified deforestation free palm supply chain by 2025 (year-on-year RSPO uptake growth contributes to this target)
 - 100 percent verified deforestation and conversion free (VDCF) soy supply chains by 2025

- 3) Future-proof agriculture.
 - Work on reforestation and replanting throughout the supply chain: 150,000 trees planted by 2025 in our shea supply chain and 10,000 trees planted in our coconut supply chains by 2025

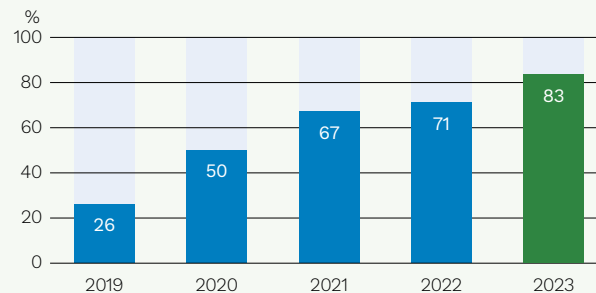
Act to prevent land-use change throughout the supply chain

Our approach

In relation to biodiversity, AAK has for several years prioritised eliminating deforestation and conversion from its supply chains. Traceability, satellite monitoring, and certification are examples of tools used to mitigate the risks of land-use change throughout the supply chain.

Deforestation reduction is widely recognised as a key driver impacting climate change as well as biodiversity. AAK has continued to work on a methodology to calculate ‘verified deforestation free’ volumes in our supply base, while supporting industry wide efforts like the Palm Oil Collaboration Group (POCG). A further update of this AAK specific methodology aligned with industry efforts was carried out in 2023. Since 2018 we

Verified deforestation-free palm



have been working on our verified deforestation-free palm methodology. In 2023 we reviewed this methodology. Progressing on VDF volumes collectively with suppliers also shapes the supply base and partnerships over time. VDF has become an integrated requirement for being accepted as an AAK supplier now and in the future. In 2023 we achieved 83 percent VDF palm volumes.

Our VDF calculations are founded on a methodology that calculates an overall “Deforestation-Free” score based on AAK’s lists of mills and refineries. For each mill a refinery sources from, a VDF score is calculated by considering the mill’s RSPO certification status, satellite monitoring and grievance status. The mill’s VDF scores are then averaged over the total volume sourced by a refinery (assuming all mills contribute equal volumes to the refinery), and an overall VDF score for a refinery is calculated. This methodology has been used by AAK to calculate and report on VDF volumes and percentages every half year since then. For more details, visit aak.com.

Until 2023, AAK primarily relied on the ProTerra Certification to identify VDCF-compliant soybean oil. Recognizing the evolving industry landscape, AAK conducted an update of the methodology. In a collaborative effort with Proforest to establish a robust framework with a regional risk-based approach, embracing a wider range of stakeholder solutions to monitor progress and ensure responsible practices, AAK has been working with suppliers to improve traceability information. In 2023, AAK achieved 25 percent VDCF soy volumes and a total of 50 percent DCF volumes. A great majority of the volumes are coming from low risk areas yet verification remains a challenge due to our positioning in the supply chain, therefore, 25 percent of total volumes can be claimed as verified.

Risk and mitigation

Deforestation can occur in the tropics, where agricultural production expands. AAK recognizes that

biodiversity is important in maintaining the balance at ecosystems on which we all rely for our well-being. Eliminating deforestation is closely interlinked with biodiversity preservation. Forests also provide crucial ecosystem services, such as local climate regulation, water filtration, and carbon sequestration. Our contribution to preventing deforestation and promoting biodiversity in our value chain is a priority.

For AAK, the main deforestation risks relate to crops grown in the tropics, mainly palm and soy. 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 that contribute about 40 percent of fresh fruit bunches (FFB) globally. Through increased transparency, collaboration, and data sharing, the industry has made significant efforts to increase traceability to plantation (TTP). Deforestation rates in the main palm producing countries of Malaysia and Indonesia have reduced notably over the last decade with significant contribution from industry associations such as the RSPO and producer country governments.

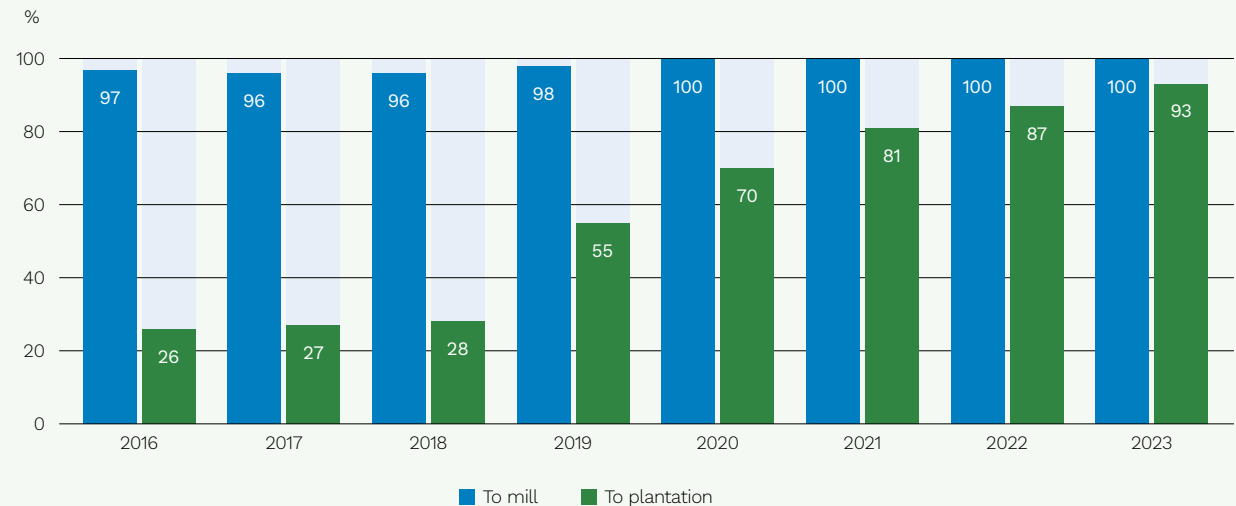
Traceability

Traceability is an enabler for achieving a sustainable supply chain. By tracing our raw materials to their source, we can understand the risks of negative sustainability impact and engage to mitigate them. We are committed to achieving 100 percent TTP for palm by 2025. Knowing the location of the palm oil mills that supply FFB is key to understanding whether the production is linked to deforestation. For smallholders, village or landscape approaches related to risks are used. Our TTP progress is based on first-tier supplier assurance of concession areas operated by larger companies and monitoring these concessions through our satellite monitoring service providers. Read more about this in the next section on proactive satellite monitoring. These partners provide us with bi-weekly reports that pinpoint any potential deforestation events that we then investigate with our direct suppliers.

Proactive Satellite monitoring

In 2023, our satellite monitoring covered the deforestation risks in our palm and coconut oil supply chains. To monitor deforestation risks for palm in AAK’s

Traceability to mill and plantation



supply chain, AAK is partnering with Earthqualizer. This monitoring covers 100 percent of the mills in our supply chains and covers over 15 million hectares globally. This includes the monitoring of forest, peat forest and peatland. Areas with endangered species (as listed by the IUCN), HCV areas, HCS forest, and customary land are also under coverage.

In addition, we have customized a bespoke supplier monitoring program for any supplier for TTP. The TTP data will be used to cross-check on a satellite monitoring platform to identify the deforestation free percentage. For instance, two supplying palm oil mills in India with thousands of smallholders have achieved 100 percent TTP and VDF, fully verified by another satellite partner, Satelligence. We encourage all suppliers to share their TTP data with AAK.

Since 2022, AAK has also been partnering with Satelligence to monitor coconut supply chains in our main sourcing region. In 2023, we engaged our suppliers and the farmers on the ground to increase the awareness of future deforestation risk by using the Forest Lost Risk Index approach. Two sustainable coconut workshops were held in 2023, together with our direct suppliers and the farmers. Among the key discussions was the aging coconut tree stock. The age mapping through this partnership helps to prioritize replanting needs for the farmers.

Future-proof agriculture

Our impact and progress

In 2023, AAK started to approach regenerative agriculture in a measurable way. Although the way we work needs to mature in the next years, we have started to specify our target and investigate tools that we can use, like Regenerative Organic Certification. Partnerships were also assessed for the different key

materials. For rapeseed, we have started to identify KPIs to incentivize farmers to make progress on soil organic matter, crop rotation system, buffer strips, and other areas.

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

Efforts have also been made in the West African Kolo Nafaso Shea supply chain. AAK's extension officers engage with women and communities, stressing the importance of protecting trees for the shea supply chain's longevity. Recognizing the significance of trees as a source of firewood, AAK, together with customers, funded improved cook stove training in early 2023. These locally made stoves, which are easily replicated and repaired, reduce firewood use by up to 66 percent, minimizing smoke production and burn incidents. AAK's initiative supported the construction of 11,345 improved stoves in 2023 and 42,053 in total since 2016. Through customer partnerships, we explore ways to expand our parkland management approach, further safeguarding biodiverse spaces across West Africa. On top of this, AAK has planted more than 144,833 shea trees in the region since 2019, achieving 96.5 percent of our 2025 target to plant 150,000 trees.

In the coconut supply chain, AAK planted 1,483 trees in 2023, reaching a total of 7,820 trees since 2019. This helped us achieve 78 percent of our 2025 target.

Risks and mitigation

Focusing on sustainable farming practices while increasing yields will be key to ensuring that our environment and ecosystem services can support the agricultural system in the long run. Therefore, future-proof agriculture including regenerative agriculture has

been added as second key priority to AAK's biodiversity efforts. We have started to develop a management approach and have initiated the first projects, but this work needs to expand in the coming years.

Sites in endangered areas

19 percent of AAK's operational sites are located in or adjacent to protected areas and areas of high biodiversity value outside protected areas. Villavicencio in Colombia is a 41,438 m² operational site located in the freshwater ecosystem area protected by national legislation. Zhangjiagang in China is a 66,666 m² production site located in a freshwater ecosystem area protected by national legislation. Zaandijk in the Netherlands is a smaller operational site located next to a Natura 2000 area protected by legislation. Karlshamn in Sweden is a 260,000 m² production site located next to a terrestrial ecosystem area protected by Natura 2000. Runcorn in the UK is a smaller production site located in a marine ecosystem protected under the status of Special Protected Area (SPA) in the EC Birds Directive.

Carbon Disclosure Project

AAK has been answering the CDP Forests questionnaire since 2021. Our CDP Forests score for 2023 is C for palm oil and D for soy.

Material topics risk assessment for biodiversity

In the context of AAK's commitment to biodiversity within the supply chain, the table below serves as an overview of key topics related to biodiversity risks and their corresponding mitigation measures. The scope of the analysis outlines the impact of various themes on biodiversity within AAK's supply chain. For each topic,

the risks based on their potential negative impact on biodiversity and their materiality to the company were assessed, based on the dimensions of likelihood and severity, considering factors such as scale, scope, and irremediability.

Material topics risk assessment for biodiversity



Key themes	Focus areas	Risk definition	Risk classification ¹⁾	Mitigation measures
<ul style="list-style-type: none"> • Work to protect biodiversity and all natural ecosystems throughout the supply chain • Act to prevent land-use change throughout the supply chain, e.g. deforestation and conversion 	Zero deforestation	<p>Definition: Deforestation or forest clearance is the removal of a forest or stand of trees from land that is then converted to non-forest use.</p> <p>Risk exposure: AAK is exposed to the potential risk of deforestation mostly through our palm and soy supply chains. Whereas for the potential risk of conversion, AAK is mostly exposed through the soy supply chain.</p>	●	<ul style="list-style-type: none"> • AAK zero deforestation commitment • AAK Group Policy and Code of Conduct for Responsible Sourcing of Plant-based Oils • AAK Group publishes methodology to calculate VDF volumes • Bilateral supplier engagement and scorecards • Supplier engagement on traceability, including projects • Satellite monitoring • Third-party data verification • NDPE IRF framework • POCG membership and active contribution • RSPO board of directors • Smallholder projects addressing deforestation root causes
	No conversion	<p>Definition: Land use conversion refers to a change in the primary use of the land from all natural ecosystems to agricultural use.</p> <p>Risk exposure: AAK is exposed to the potential risk of conversion, mostly through the soy supply chain.</p>	●	<ul style="list-style-type: none"> • AAK zero deforestation commitment • AAK Group Policy and Code of Conduct for Responsible Sourcing of Plant-based Oils • RSPO certified volumes • RSPO board of directors

Risk classification

● High risk of negatively impacting biodiversity ● Medium high risk of negatively impacting biodiversity ● Medium low risk of negatively impacting biodiversity ● Low risk impacting of negatively impacting biodiversity

¹⁾ Before mitigation, risk classification has been allocated by assessing AAK material topics on the dimensions of risk likelihood and severity, considering factors such as scale, scope, and irremediability. The risk classification displays an overall and potential risk exposure.

Material topics risk assessment for biodiversity

Key themes	Focus areas	Risk definition	Risk classification ¹⁾	Mitigation measures
<ul style="list-style-type: none"> • Work to protect biodiversity and all natural ecosystems throughout the supply chain • Future-proof agriculture 	Regenerative agriculture	<p>Definition: Regenerative agriculture is a set of tools and practices that can be applied in farming in order to create positive impact through farming practices rather than by only avoiding negative impact (4). Conventional agriculture places a serious burden on the environment, being the largest consumer of water and the main source of nitrate pollution of groundwater and surface water, as well as the principal source of ammonia pollution. It is a major contributor to the phosphate pollution of waterways and the release of the powerful greenhouse gases (GHGs) methane and nitrous oxide into the atmosphere (5).</p> <p>Risk exposure: AAK predominantly sources raw materials from conventional agricultural systems, posing a medium-high risk of further biodiversity loss if this system remains unchanged. While the scale of the risk is high, its severity is not at the maximum level since significant biodiversity loss has already occurred.</p>		<ul style="list-style-type: none"> • Risk mitigation work started in 2023, by understanding what regenerative agriculture should look like, especially in our rapeseed supply chain • KPIs for further measurement for the rapeseed supply chain identified • Existing certifications were reviewed regarding their inclusion of regenerative agriculture practices • Scanning for field-level project started in 2023
	Work on reforestation and replanting throughout the supply chain	<p>Definition: Reforestation is defined as the process of replanting trees in areas that have been affected by natural disturbances like wildfires, drought, and insect and disease infestations – and human-induced ones like logging, mining, agricultural clearing, and development. This can mean anything from supporting natural regeneration in an area that has been degraded to planting ecologically appropriate tree seedlings after forest fires. Replanting is understood as rejuvenation within an existing and degraded perennial farming system (7).</p> <p>Risk exposure: AAK is sourcing from areas that have traditionally experienced tree loss, but this can be spread over long periods of time. Therefore, the acute potential risk has been identified as medium/low. Source: WWF’s Biodiversity Risk Filter</p>		<ul style="list-style-type: none"> • AAK tree planting ambition in shea • AAK tree planting ambition in coconut

Risk classification
 High risk of negatively impacting biodiversity  Medium high risk of negatively impacting biodiversity  Medium low risk of negatively impacting biodiversity  Low risk impacting of negatively impacting biodiversity

¹⁾ Before mitigation, risk classification has been allocated by assessing AAK material topics on the dimensions of risk likelihood and severity, considering factors such as scale, scope, and irremediability. The risk classification displays an overall and potential risk exposure.

Reference list

1. Biodiversity and Climate Change Adaptation in Tropical Islands, 2018.
2. <https://news.mongabay.com/2016/05/top-10-biodiverse-countries/>
3. <https://news.mongabay.com/2016/05/top-10-biodiverse-countries/>
4. <https://www.rainforest-alliance.org/insights/what-is-regenerative-agriculture/>
5. <https://www.fao.org/3/y4252E/y4252e14.htm>
6. <https://www.unep.org/topics/chemicals-and-pollution-action/pollution-and-health/highly-hazardous-pesticides-hhps>
7. <https://onetreepianted.org/pages/reforestation>

People

Our people compass

At AAK, we strive to create a positive impact for people in our operations, the communities where we operate, and our supply chains. AAK does business in countries where human rights risks are significant, including the risk of exploitation of vulnerable workers. To mitigate and alleviate these risks, we have identified and assessed material risks, an essential step in understanding where we should focus our attention and resources. This section of the report focuses on risk assessments, including our efforts to mitigate risk as well as our impact and progress.

International standards and conventions

Maintaining high ethical standards is a top priority for AAK, and we foster a corporate climate that supports ethical behavior from all our employees, suppliers, and business partners. AAK is committed to adhering to and upholding the following:

- UN Global Compact's ten principles in the areas of social relations, human and labor rights, environment, and anti-corruption
- OECD Guidelines for Multinational Enterprises
- United Nations Guiding Principles on Business and Human Rights (UNGPs)
- ILO Declaration on Fundamental Principles and Rights at Work
- ILO Core Conventions
- UK Modern Slavery Act

We work to fully align our business practices accordingly and, as a minimum, we comply with local laws and adhere to international standards concerning human rights and fair employment.

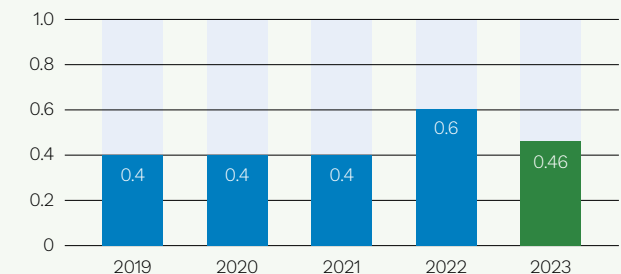
People in our operations

Health and safety

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. AAK's goal is to provide an accident-free and inclusive workplace. As a preventive action in AAK Denmark, we have launched a new policy, "Prevention and handling of offensive and inappropriate behavior." This launch was followed up by workshops for all managers and for all teams and departments at AAK Denmark. The workshops also focused on psychological safety.

AAK's approach to safety also covers contracted work for AAK. The process starts as early as the tendering phase and, after selection, enters a full safety life cycle. This involves setting and reviewing expectations and requirements for our business partners and reviewing their performance. We do this based on AAK's Supplier Code of Conduct and, for contracted work, at the Group's locations, by active collaborating.

Work-related accidents with more than one day of absence per 200,000 working hours (LTIFR)



Our impact and progress

The most common safety risk at AAK involves slips, trips, and falls, so we have identified a need for an intensified focus in these areas. We had a total of 20 (26) lost-time injuries (LTIs) in 2023, corresponding to a 0.46 (0.61) lost time injury frequency rate (LTIFR).

Identified risks and mitigation

A company-wide safety culture means that everyone is responsible for a healthy and safe workday – starting with AAK’s top management and throughout the company. At AAK, we regularly review and improve how we provide a safe workplace environment and ensure operational integrity. Safety is at the top of our agenda at every level, from the Board of Directors down to the local units. We actively engage all stakeholders for co-creation in safety by sharing learnings, good practices, training, and tools. From a global perspective, we have started a cultural journey with a planned two-year program that, once fully implemented, will boost cultural and leadership development throughout AAK.

One case of discrimination was reported in December 2023. It has been addressed by our Human Resource department and is still under investigation.

AAKtivate

Promoting the well-being of our people also involves proactively preventing any risk of physical or mental illness. For the past ten years, parts of our organization have successfully been involved in an employee well-being program called AAKtivate. This program focuses on physical and mental health, including key factors such as nutrition. We believe that this program contributes to a healthier lifestyle and brings greater motivation, increased productivity, lower absenteeism, and reduced healthcare costs. During 2023, AAK’s absence due to illness rate remained at a low 1.7 percent compared to 2.0 percent in 2022.

A vital part of the AAKtivate program is to identify physical and psychological work issues, develop

mitigation measures, and follow up on progress. We intend to continue this successful program and encourage all employees to share best practices and participate in global activities.

Training and development

We understand that developing our employees is key to achieving our retention target at AAK. We offered a wide range of training initiatives in 2023, such as Creating Customer Value Core (CCV Core), project management, structured problem-solving, a global engineering program, and global induction program. CCV Core has proven to provide valuable tools and competences to our go-to-market approach, enabling us to achieve Making Better Happen™ for our customers. The structured problem-solving course enables us to reach a critical mass of trained leaders who can share tools and speak a common language across the organization, improving decision making, problem solving, and top-down communication. Our Global Induction program is offered as an e-learning program for new hires so they can learn more about our company, vision, and purpose, as well as security requirements and policies. Each year, managers and employees have a conversation about individual development plans so that our employees can set goals and ambitions for the coming year. Together with managers, HR identifies the specific skills and training needed by each employee.

Diversity and inclusion

Our approach

We follow our progress on diversity and inclusion through our Diversity & Inclusion Committee, which consists of employees from various locations around the world. AAK has 4,100 employees and 396 agency workers. We track the gender and nationality of people who leave, start, and are internally promoted at AAK, and we conduct exit interviews with people who leave the company. In addition, we perform annual follow-ups on our Remuneration Policy in every

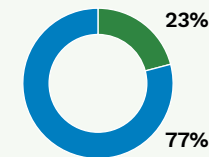
country where we operate to make sure that salaries are equitable. In 2023 we hired a Global People Data Insights manager who will help our leaders make data-driven decisions in line with our people strategy.

Our impact and progress

We aim to attract more women to the company. Of AAK’s employees, 23 (23) percent are women. At a managerial level, 36 (32) percent are women, which is an increase of 4 percentage points compared to 2022. These figures reflect our continuous efforts to hire and promote women on a managerial level. Our Executive Committee consists of 1 woman out of 8 people, including our CEO. The Board of Directors has a 50/50 (60/40) gender distribution.

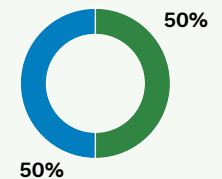
Total AAK

% Gender distribution



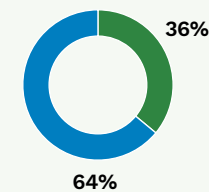
Board of Directors

% Gender distribution



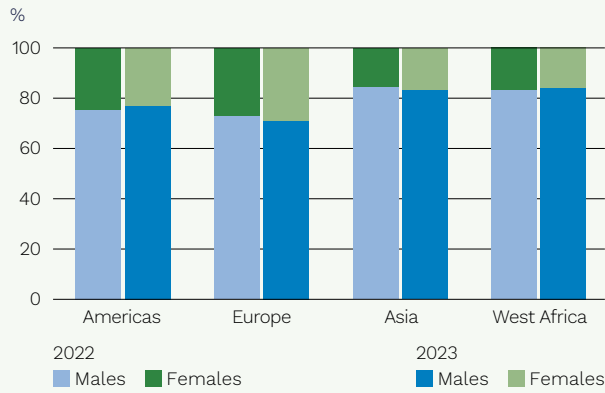
Leadership representation

% Gender distribution

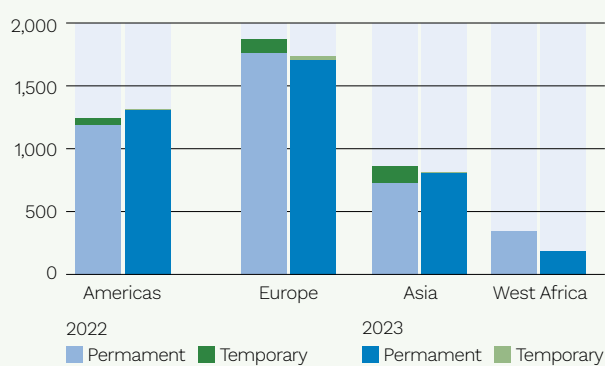


● Female
● Male

Employees by regions and gender



Employees by type of contract



People in our communities

Our impact and progress

We engage with the communities where we operate through various local initiatives.

To ensure we remain engaged in relevant community activities, we make an impact assessment of the most relevant challenges and evaluate whether our

activities are directly linked to the impact and how AAK can make improvements. All initiatives AAK has been involved in have been made possible thanks to the passion and willingness of our employees. We are very proud to see their level of commitment.

People in our supply chain

Our approach

AAK sources its key raw materials from across the world. Our commitment to support the well-being of the people in our supply chain is one of our key sustainability priorities.

Our activities focus on three key aspects identified in our materiality analysis:

- Use responsible sourcing methods with a focus on human rights for all stakeholders and vulnerable groups
- Use responsible sourcing methods with a focus on working conditions and health & safety
- Work to improve livelihoods within the supply chain, with a focus on smallholders and women

Our key targets are:

- 100 percent of tier 1 suppliers connected to AAK on the SEDEX platform by 2025
- 100 percent of tier 1 supplier sites respond to the 2023 SEDEX SAQ by 2025
- Increase the number of women enrolled in the Kolo Nafaso program

The focus on human rights and working conditions is summarized in our human rights due diligence approach and embedded in our responsible sourcing and supplier engagement approach. Smallholders and women have been identified as particularly vulnerable groups that require further support for their livelihoods

and act as stakeholders for root cause mitigation of other risks identified within our supply chains (e.g., deforestation).

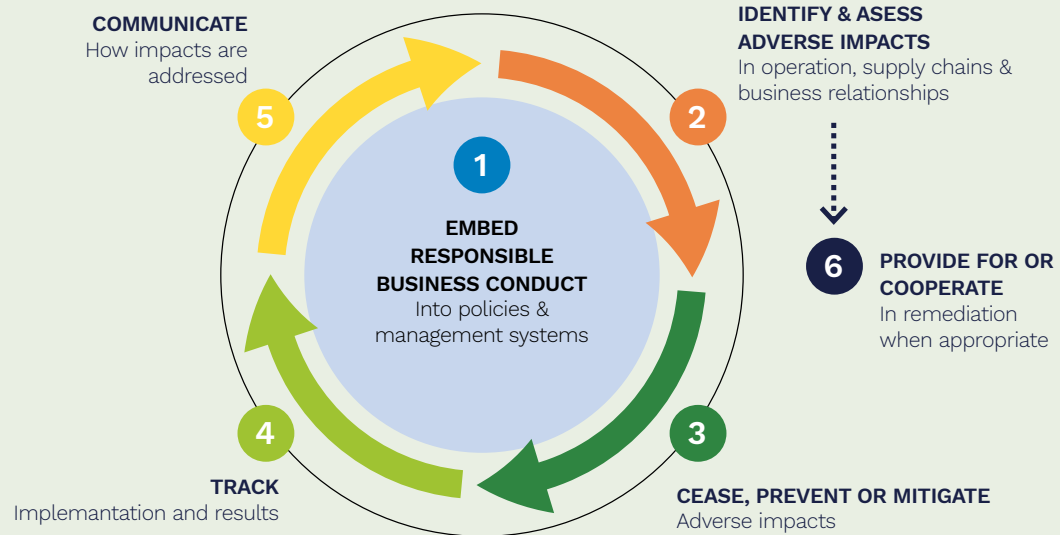
Embedding human rights due diligence

For our human rights due diligence (HRDD) approach, AAK follows the UNGP's Guiding Principles for Business and Human Rights and the OECD's Due Diligence Guidance for Responsible Business Conduct. We work across our value chain looking "within our business," "within our supply chain," and "beyond our supply chain." "Within our business," we are making sure to have all necessary policies, codes, and commitments in place for a strong HRDD approach. This is aligned with Step 1 in the OECD due diligence approach "Embed responsible business conduct." "Within our supply chain" focuses on embedding steps 2–6 of the OECD due diligence approach in our supply chain. Here, we focus on assessing and managing human rights risks and the due diligence procedures of our suppliers, starting with the tier closest to us – our tier 1 suppliers. "Beyond our supply chain" also looks at steps 2–6 but from an industry collaboration perspective. In this pillar, we partner with industry associations, peers, and NGOs in order to develop tools to assess, prevent, mitigate, track, communicate, remediate rights risks at industry level (see page 33).

Our impact and progress

Our suppliers are assessed through questionnaires and supplier scorecards, and we define a supplier engagement program based on the risk and the impact AAK might have from our position in the supply chain. Our target is to have human rights due diligence embedded across all key raw materials by 2025. We have prioritized tier 1 supplier production facilities and are monitoring the number of suppliers connected to SEDEX and the number of supplier facilities that have responded to the 2023 SEDEX self-assessment questionnaire. Based on their scores, further actions might be required in the

OECD due diligence guidelines for responsible business conduct



Identified risk and mitigation

In 2023, AAK continued its commitment to addressing human rights risks in countries where the risk is significant. We conducted a comprehensive assessment of material risks at the country level, focusing on issues such as labor rights violations, forced and child labor, inadequate wages, and occupational safety. Our collaboration with third-party experts for a thorough analysis of human rights risks across the value chain resulted in recommendations to integrate human rights into policy commitments, enhance organizational governance and accountability, and embed human rights due diligence in our operations.

In response to the global challenge of forced labor, we sustained efforts to identify risks and implement mitigation procedures on a global scale. Through ongoing training and awareness initiatives, our partners are informed about the prohibition of forced labor. By signing the code of conduct, they commit to eliminating such practices in the workplace. Our operation in Benin has designed a monitoring tool, which has been widely shared with other West African countries. We also maintained open reporting channels for our employees to disclose any instances of being compelled to work forcefully by their leaders. Our endeavors in 2023 demonstrate a continued commitment to sustainable practices and effective risk management.

Key areas of focus for AAK are human rights including labor rights, working conditions, and health and safety, as well as smallholder livelihoods with a focus on women.

AAK follows the “cause, contribute to and directly connected to” approach for human rights risk mitigation and remediation throughout our supply chains, as outlined in the UN’s Guiding Principles on Business and Human Rights.¹⁾ In all cases listed above, we consider our business “directly linked” to the actual and potential risks in our supply base.

future. In 2023 we prioritized palm suppliers, and we will roll out the same requirements for remaining suppliers in 2024. In 2023 35 percent of palm suppliers were connected to us on SEDEX.

For palm and coconut suppliers, specific score-cards have been developed focusing on key risks and connected to our ambitions, mitigation programs, and plans. Specific controls related to bribes and corruption are also in place via our supplier assessment process. For conventional shea suppliers, training is being conducted with a focus on eliminating child labor and anti-corruption requirements.

AAK does not accept child labor in any form, and we are committed to ensuring that workers are not exploited through forced or compulsory labor. In 2023 AAK registered three cases of child labor in our supply chains linked to logistics services. The service providers have been held accountable and AAK is taking further steps to mitigate this risk in the future.

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 to carry out anti-corruption training in ways that surmount linguistic and cultural challenges.

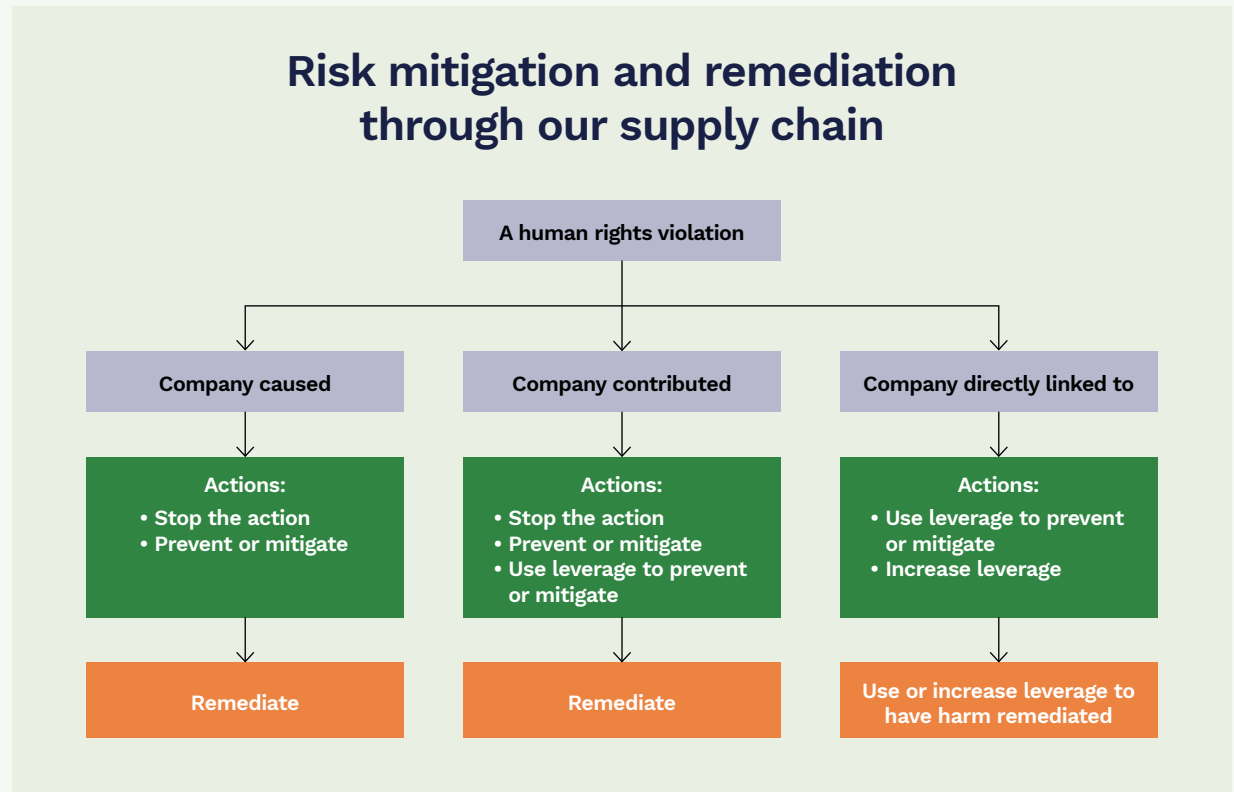
¹⁾ https://www.ohchr.org/sites/default/files/Documents/Publications/GuidingPrinciplesBusinessHR_EN.pdf

This means that our risk mitigation focuses mainly on using our leverage with existing business relationships that are causing or contributing to adverse impacts within our upstream supply base. We aim to increase suppliers' and farmers' understanding of their current risk exposure and improve their due diligence procedure to prevent adverse impacts from happening in our shared upstream supply chains. Our focus is to progress from them signing our policy toward full implementation of the risk mitigation roadmaps.

Work to improve livelihoods within the supply chain, with a focus on smallholders and women

Our impact and progress

AAK is working actively across supply chains to integrate impactful projects and programs for mitigating underlying risks for more vulnerable supply chain stakeholder groups, such as women and smallholder farmers. The following table offers an overview of our key programs for women and smallholders including 2023 impact. For more in-depth information, refer to our website



Impact and progress to improve livelihoods within the supply chain, with a focus on smallholders and women

	Forever Sabah	Solidaridad	Leusder Ecosystem	Kolo Nafaso	Saha Global
Supply chain	Palm	Palm	Palm	Shea	Shea
Country	Malaysia	Mexico	Indonesia	Burkina Faso, Ghana, Ivory Coast	Ghana
Established	2019	2019	2021	2009	2020
Purpose	RSPO certification for smallholder farmers, land titles and no deforestation	Smallholder farmers producing responsibly and profitably, considering socioeconomic aspects No deforestation, reducing contaminants	Smallholder farmer capacity building and impact on livelihoods Reduced risk of deforestation	Direct sourcing Poverty alleviation Women's empowerment	Providing safe drinking water in rural communities Empowering entrepreneurial women
Impact 2023	Number of farmers certified: 342 (accumulated) Number of farmers trained: 2,735 (accumulated)	Number of farmers engaged: 1,096 (accumulated)	Number of farmers engaged: 1,177 (accumulated)	Number of women enrolled: 241,188 During 2023, the political instability in Burkina Faso forced us to close down some of our operations resulting in a lower number of women in the program	Total number of people reached: 2,841 through 9 water businesses In 2023 we opened two additional water businesses reaching 430 additional people

Material topics risk assessment for people in the supply chain¹⁾

Key themes	Risk description and exposure ²⁾	Risk classification ³⁾	Risk mitigation measures
Use responsible sourcing methods with focus on human rights for all stakeholders and vulnerable groups	<p>Definition: Right to organize, freedom of association, collective bargaining</p> <p>Risk exposure: Potential risk exposure in palm oil supply chain with focus on Indonesia and Malaysia and raw materials originating in China relevant for rapeseed and soy.</p>	●	<ul style="list-style-type: none"> • AAK Group Policy and Code of Conduct for Responsible Sourcing of Plant-based Oils • Supplier scorecards • SEDEX SAQ for tier 1 suppliers • Third-party certification
	<p>Definition: Land rights (land acquisition or expansion), livelihoods, indigenous peoples</p> <p>Risk exposure: Potential and specific risk exposure in the palm oil supply chain with a focus on Brazil, Colombia, Ecuador, Guatemala, India, Indonesia. Potential and specific risk exposure in the soy supply chain in Argentina, Brazil.</p>	●	<ul style="list-style-type: none"> • AAK Group Policy and Code of Conduct for Responsible Sourcing of Plant-based Oils • Supplier scorecards • SEDEX SAQ for tier 1 suppliers • NDPE IRF • AAK grievance procedure • Third-party certification
	<p>Definition: Corruption</p> <p>Risk exposure: Widespread general potential risk in majority of sourcing countries relevant for our palm, coconut, shea, soy and rapeseed supply chains.</p>	●	<ul style="list-style-type: none"> • AAK Group Policy and Code of Conduct for Responsible Sourcing of Plant-based Oils • Third-party certification • Supplier training in shea
Use responsible sourcing methods with a focus on human rights for all stakeholders and vulnerable groups	<p>Definition: Freedom of expression and human rights defenders</p> <p>Risk exposure: Potential and specific risk exposure in the palm supply chain in Colombia, Mexico, Philippines and Indonesia, relevant for our palm and coconut supply chains. Potential and specific risk exposure for our soy supply chains originating from Brazil.</p>	●	<ul style="list-style-type: none"> • AAK Group Policy and Code of Conduct for Responsible Sourcing of Plant-based Oils • SEDEX SAQ for tier 1 suppliers
	<p>Definition: Women's rights and children</p> <p>Risk exposure: Potential and specific risk exposure for the shea supply chain across West Africa and for the coconut supply chain from the Philippines, Mexico, Brazil and India. General potential risk exposure to child labor in China. General potential risk exposure for soy supply chain from Argentina and palm oil supply chains from Ecuador. Deeper assessments needed on child and women rights in the palm oil supply chains.</p>	●	<ul style="list-style-type: none"> • AAK Group Policy and Code of Conduct for Responsible Sourcing of Plant-based Oils • Supplier scorecards • SEDEX SAQ for tier 1 suppliers • Supplier and village level training in the shea supply chain • Extensive women questionnaire every two years in the shea supply chain • Third-party certification
	<p>Definition: Migrant workers and their families</p> <p>Risk exposure: Potential risk exposure in the palm supply chain due to the presence of migrant workers. Relevant for Malaysia and Indonesia.</p>	●	<ul style="list-style-type: none"> • AAK Group Policy and Code of Conduct for Responsible Sourcing of Plant-based Oils • Supplier scorecards • SEDEX SAQ for tier 1 suppliers • NDPE IRF • AAK grievance procedure • Third-party certification
<p>Risk classification</p> <p>● High risk of negatively impacting people ● Medium high risk of negatively impacting people ● Medium low risk of negatively impacting people ● Low risk impacting of negatively impacting people</p>			

¹⁾ The table reflects the results of our human rights risk assessments across all key raw material value chains and sourcing countries, as well as a maturity assessment of mitigating the assessed risks.

²⁾ Risk overview matrix based on human rights risk and impact assessments conducted by external experts Enact and Proforest. Risk exposure is both generic and case-specific to AAK's supply origins.

³⁾ Before mitigation, risk classification has been allocated by assessing AAK material topics on the dimensions of risk likelihood and severity, considering factors such as scale, scope, and irremediability. The risk classification displays an overall and potential risk exposure.

Material topics risk assessment for people in the supply chain¹⁾

Key themes	Risk description and exposure ²⁾	Risk classification ¹⁾	Risk mitigation measures
Use responsible sourcing methods with focus on working conditions including health & safety	<p>Definition: Forced labor, trafficking, and bonded labor</p> <p>Risk exposure: Potential and specific risk exposure for palm oil, specifically in Malaysia, but migrant workers in other key sourcing countries are also at risk.</p> <p>Potential risk exposure in China and India, not specific to the raw materials we source.</p>	●	<ul style="list-style-type: none"> • AAK Group Policy and Code of Conduct for Responsible Sourcing of Plant-based Oils • Supplier scorecards • SEDEX SAQ for tier 1 suppliers • NDPE IRF • AAK grievance procedure • Third-party certification
	<p>Definition: Child labour</p> <p>Risk exposure: Potential and specific risk exposure for the coconut supply chain from the Philippines, Mexico, Brazil and India.</p> <p>General potential risk exposure to child labor in China and West Africa.</p> <p>General potential risk exposure for soy supply chain from Argentina and palm oil supply chains from Ecuador.</p>	●	<ul style="list-style-type: none"> • AAK Group Policy and Code of Conduct for Responsible Sourcing of Plant-based Oils • Supplier scorecards • SEDEX SAQ for tier 1 suppliers • NDPE IRF • AAK grievance procedure • Third-party certification • Supplier field-level training and workshops • Industry-level risk mitigation project in shea
	<p>Definition: Health and safety including fatalities</p> <p>Risk exposure: Potential specific risk exposure regarding operational health and safety issues in all nine key sourcing countries for palm.</p> <p>Potential risk exposure in the coconut supply chain with a focus on Brazil, India, Mexico and Philippines due to manual labor.</p>	●	<ul style="list-style-type: none"> • AAK Group Policy and Code of Conduct for Responsible Sourcing of Plant-based Oils • Supplier scorecards • SEDEX SAQ for tier 1 suppliers • NDPE IRF • AAK grievance procedure • Third-party certification
	<p>Definition: Adequate housing, water and sanitation</p> <p>Risk exposure: Potential risk exposure in the palm supply chain with a focus on the presence of migrant workers. Relevant for Malaysia and Indonesia.</p> <p>Potential risk exposure in the shea supply chain across rural West Africa, but not caused or contributed to by the shea supply chain. Opportunity for positive impact.</p>	●	<ul style="list-style-type: none"> • AAK Group Policy and Code of Conduct for Responsible Sourcing of Plant-based Oils • Supplier scorecards • SEDEX SAQ for tier 1 suppliers • NDPE IRF • AAK grievance procedure • Third-party certification • Saha global contribution in the shea supply chain
Work to improve livelihoods within the supply chain with focus on smallholders and women	<p>Definition: Living wage</p> <p>Risk exposure: Potential and specific risk exposure in the palm oil supply chain with a focus on Brazil, Colombia, Ecuador, Guatemala, Indonesia.</p> <p>Generic risk exposure on living wage relevant for the coconut supply chain in Brazil, Mexico and Philippines and for the shea supply chain in West Africa.</p>	●	<ul style="list-style-type: none"> • AAK Group Policy and Code of Conduct for Responsible Sourcing of Plant-based Oils • Third-party certification

Risk classification

● High risk of negatively impacting people ● Medium high risk of negatively impacting people ● Medium low risk of negatively impacting people ● Low risk impacting of negatively impacting people

¹⁾ The table reflects the results of our human rights risk assessments across all key raw material value chains and sourcing countries, as well as a maturity assessment of mitigating the assessed risks.

²⁾ Risk overview matrix based on human rights risk and impact assessments conducted by external experts Enact and Proforest. Risk exposure is both generic and case-specific to AAK's supply origins.

³⁾ Before mitigation, risk classification has been allocated by assessing AAK material topics on the dimensions of risk likelihood and severity, considering factors such as scale, scope, and irremediability. The risk classification displays an overall and potential risk exposure.

Sustainable Development Goals and progress


Sustainable development goals analysis

The operations and activities of our company 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.

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 conducted in 2022 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 Climate, Biodiversity and People.

Sustainable solutions









Commitments

SDG	Targets	Status 2023
Enhancing sustainable development with our solutions		
	<ul style="list-style-type: none"> 50% of our revenue should contribute to the SDG's¹⁾ 	<ul style="list-style-type: none"> 37% (37) contributes to the SDGs

¹⁾ Calculated by including our product segments that contribute to the SDGs. This includes all our shea-based products, certified palm oil, certified soy, plant-based dairy and plant-based meat, fossil free candle wax, and special nutrition.





Climate

Commitments

SDG	Targets	Status 2023
Reducing climate impact		
 	<p>Reducing GHG emissions</p> <ul style="list-style-type: none"> 2022: Set Scope 3 SBT in line with FLAG guidance 2025: Increase annual sourcing of renewable electricity from 12% in 2019 to 100% 2030: Reduce absolute Scope 1 and 2 GHG emissions by 50% from a 2019 base year 	<p>Reducing GHG emissions</p> <ul style="list-style-type: none"> Targets set and committed 64.4% (70) annual sourcing of renewable electricity, a decrease by 5.6 percentage points since 2022 12% (4.4) reduction of absolute Scope 1 and 2 GHG emissions from a 2019 base year
  	<p>Resource efficiency</p> <ul style="list-style-type: none"> 2030: Reduce annual energy consumption per processed unit by 2.5% 2030: Reduce annual freshwater consumption by 5% 	<p>Resource efficiency</p> <ul style="list-style-type: none"> Energy consumption per processed unit increased by 14.3% (-4) Annual freshwater consumption increased by 51%.
  	<p>Circular economy</p> <ul style="list-style-type: none"> 2030: 100% of our waste recycled 	<p>Circular economy</p> <ul style="list-style-type: none"> 60.7% (93) waste recycled, a decrease by 32.3 percentage points since 2022













Biodiversity

Commitments

SDG	Targets	Status 2023
Protecting biodiversity		
 	<p>Preventing deforestation</p> <ul style="list-style-type: none"> 2025: 100% verified deforestation-free palm and soy 	<p>Preventing deforestation</p> <ul style="list-style-type: none"> Palm: Verified deforestation-free 83%, an increase by 12 percentage points from 2022 Palm: Verified deforestation-free inside concessions: 100% Soy: Verified deforestation- and conversion-free: 25%, an increase of 5 percentage points since 2022
 	<p>Reforestation</p> <ul style="list-style-type: none"> 2025: 150,000 trees planted 	<p>Reforestation</p> <ul style="list-style-type: none"> In 2023, we planted 34,388 trees in our shea supply chain, reaching a total of 144,833 additional shea trees, which is 96.5% of our 2025 target.

People

Commitments

SDG	Targets	Status 2023
Enabling the well-being of our people		
   	<p>Engagement</p> <ul style="list-style-type: none"> • 2025: 10% improvement in employee engagement score from a 2017 base year <p>Safety and well-being</p> <ul style="list-style-type: none"> • No lost time injuries <p>Human rights</p> <ul style="list-style-type: none"> • 2025: Human rights due diligence embedded across all sites 	<p>Engagement</p> <ul style="list-style-type: none"> • 8 percentage points increase in employee engagement score since 2017 <p>Safety and well-being</p> <ul style="list-style-type: none"> • 20 LTIs (LTIFR 0.46). This is a decrease from 26 LTIs in 2022 <p>Human rights</p> <ul style="list-style-type: none"> • 2023: 100% of sites risk-assessed, salient issues identified, and plans initiated
Being a better neighbor		
 	<p>Community engagement</p> <ul style="list-style-type: none"> • Impacting 30,000 people positively through community engagement by 2030 	<p>Community engagement</p> <ul style="list-style-type: none"> • Main projects during 2023 in China and India, read more about these projects on page 31
Embedding the respect for human rights		
 	<p>Human rights</p> <ul style="list-style-type: none"> • 2025: Human rights due diligence embedded across all key raw materials 	<p>Human rights</p> <ul style="list-style-type: none"> • 2023: Updated Policy and Code of Conduct for Responsible Sourcing of Plant-based Oils signed by 100% of the tropical oil suppliers • 2022: 100% of countries of origin risk-assessed salient issues identified and due diligence approach defined • 2022: Action plan started for palm oil • 2022: Launch of updated AAK Group Policy and Code of Conduct for responsible sourcing of plant-based oils
Empowering smallholders and women to improve livelihoods		
   	<p>Women and smallholders in engagement programs</p> <ul style="list-style-type: none"> • Continue to increase our impact on women and smallholders 	<p>Women in engagement programs</p> <ul style="list-style-type: none"> • 241,188 women (293,302) enrolled in our Kolo Nafaso shea supply chain <p>Smallholders in engagement programs</p> <ul style="list-style-type: none"> • In 2023 we engaged with 5,008 smallholders in our palm oil supply chain through several initiatives • 342 smallholders RSPO certified in Malaysia • Another example is our five-year partnership with Musim Mas and Nestlé in Indonesia providing training in good agricultural practices to palm oil smallholders. In 2023, a total of 1,177 smallholders were engaged in the initiative.

EU Taxonomy

The EU Taxonomy is a classification system establishing a list of environmentally sustainable economic activities. The purpose of the EU Taxonomy Regulation (2020/852) is to channel capital towards environmentally sustainable investments and help reach the EU's climate and environmental targets and the objectives of the European Green Deal published in 2019.

For the financial year 2023, entities defined as large companies¹⁾ are obliged to disclose their share of Taxonomy-eligible and Taxonomy-aligned economic activities outlined under the two climate-related objectives under the Climate Delegated Act (2021/2139). Additionally, new for this year is to report on the share of Taxonomy-eligibility under the remaining four environmental-related objectives under the Environmental Delegated Act (2022/2464) of the EU Taxonomy Regulation. Please find the six environmental objectives in the fact box on page 70.

As a listed non-financial company, AAK is subject to disclosure obligations under Articles 19a and 29a of the Non-Financial Reporting Directive (NFRD) (2013/34), and thus in scope to report on the disclosure requirements of the EU Taxonomy Regulation.

At AAK we welcome efforts by regulators that support a sustainable development

AAK's approach towards the EU Taxonomy is to proactively make use of this new structure of disclosing sustainable development in relation to our broader business objectives and sustainability commitments. However, our main economic activity within production of plant-based oil solutions is yet not covered by the EU Taxonomy, which explains the limited Taxonomy-eligibility and Taxonomy-alignment reported under the three KPIs, but it does not influence our ambitious sustainability agenda within Making Better Happen™.

Although the core of our business is not covered, AAK's continuous focus on investing in initiatives aimed at reducing our environmental impact becomes relevant in an EU Taxonomy context. In fact, many of our investments are eligible with the potential of substantially contributing to Climate Change Mitigation (CCM), which is reflected in the CapEx KPI.

Overall, this is a new regulation with both high ambiguity and complexity. For AAK, as a large international company, we see this as a journey over the short- and long-term. Our work with the EU Taxonomy requires a stepwise implementation throughout our entire organization, to make sure that all our AAK colleagues understand the purpose and their role in contributing to AAK's newly established process for EU Taxonomy disclosures. Not the least in relation to reporting on Taxonomy-alignment, a stepwise approach is needed since it requires both resources, skills, and system development to perform analysis against the criteria. For instance, this year we directed our focus towards our investment in the Biomass boilers at our site in Aarhus, Denmark, which we can conclude is Taxonomy-aligned.

For each environmental objective the EU Taxonomy defines a list of eligible activities that may substantially contribute to that objective. To qualify as environmentally sustainable, known as Taxonomy-alignment, an eligible economic activity must satisfy three conditions: a) **Substantial contribution** to one or more of the six environmental objectives; b) **Do no significant harm** (DNSH) to the remaining environmental objectives, and c) **Minimum safeguards** compliance at the company level.

¹⁾ Large undertakings that are public-interest entities with an average number of employees in excess of 500, and to public-interest entities that are parent undertakings of a large group with an average number of employees in excess of 500 on a consolidated basis, respectively.

The EU Taxonomy defines six environmental objectives:

1. Climate change mitigation
2. Climate change adaptation
3. Sustainable protection of water and marine resources
4. Transition to a circular economy
5. Pollution prevention and control
6. Protection and restoration of biodiversity and ecosystems

AAK's continuous work with the EU Taxonomy

Taxonomy-Eligibility

The assessment on Taxonomy-eligibility shows that AAK's main economic activity, namely the production of plant-based oil solutions, is not covered by the Climate Delegated Act nor the Environmental Delegated Act for disclosure on the financial year 2023.

In last year's sustainability report we expected that our main economic activity would be eligible as "Manufacture of food products and beverages" which was included as an eligible economic activity in the Platform on Sustainable Finance's report with recommendations on technical screening criteria for the four remaining environmental objectives. However, the economic activity was not included in the final Environmental Delegated Act adopted by the EU Commission, meaning that AAK does not have any

eligible turnover for the financial year 2023. Nevertheless, AAK will continue to report on eligible CapEx and OpEx related to our investments in property, plant, and equipment that relate to Climate Change Mitigation (CCM). See tables 1–4 below.

Taxonomy-Alignment

This year AAK has performed an alignment screening on one selected CapEx investment, more specifically our investment in the Biomass boilers at the site in Aarhus, Denmark. The Biomass boilers are installed with the main purpose of producing renewable energy for the site through the stationary combustion of biomass of residuals derived from our production. Hence, it is aligned as the economic activity called "production of heat/cool from bioenergy" under CCM, as visible from table 2 and table 3.

Substantial contribution and do no significant harm

The assessment on Taxonomy-alignment shows that AAK's installation of the Biomass boilers meet the criteria for substantially contributing to Climate Change Mitigation objective outlined in the Climate Delegated Act. Specifically, the technical screening criteria for substantially contributing evolves: i) the labelling of the biomass used, for which AAK uses biomass that is sustainably certified according to the prescribed EU directive (2018/2001) on agricultural biomass, and ii) thresholds for GHG emission savings (at least 80 percent savings compared to a fossil fuel comparator), for which the Biomass boiler will enable greenhouse gas emission savings above the threshold. Moreover, there are other substantial contribution criteria, such as anaerobic digestion and the rated thermal input, that have been assessed as non-applicable for AAK.

Furthermore, the assessment on Taxonomy-alignment also shows that the Biomass boilers meet the do no significant harm (DNSH) criteria. The applicable criteria concern climate risk and vulnerability assessment,

environmental impact assessment (EIA) considering both impacts to water and biodiversity as well as emission levels (other than GHG emissions). A climate risk assessment has been performed on the site in Aarhus, Denmark, according to TCFD, showing no material risks identified. For more information on how we manage climate-related risks, please see pages 48–52 and our TCFD chapter. Moreover, for the construction and installation of the Biomass boilers an EIA was performed according to the prescribed EU directive (2011/92) as part of obtaining the permit from the Danish authority. Finally, the Biomass boilers are built and designed according to the latest technology and with all permits granted by the Danish authority.

Minimum safeguards

In this year, AAK has performed an assessment to understand our current level of compliance with the Minimum Safeguards as referred to in Article 18 of the EU Taxonomy Regulation. This means that we have analysed our implementation of the principles on responsible business conduct, outlined in the OECD guidelines for Multinational Enterprises and the United Nations Guiding Principles on Business and Human Rights, with regards to our processes and procedures for ensuring respect for human rights and labour rights. The assessment also covered our continuous work with anti-corruption, anti-bribery, taxation, and fair competition.

The result of our analysis showed that, while we identified a few areas that need further improvement, AAK aligns with the Minimum Safeguards. With regards to the areas of improvement identified, an action plan has been developed to address these in the coming year. This is in line with AAK's ambition to continuously striving to Making Better Happen™. For further information on our work with human rights please see pages 28–32.

In conclusion, the economic activity "production of heat/cool from bioenergy" is reported as Taxonomy-aligned by contributing to CCM.

Calculation of the financial KPIs

Article 8 of the EU Taxonomy Regulation and the Disclosures Delegated Act (2021/2178) specifies the type of information to be disclosed pursuant to Article 8.

Specifically, it states that companies shall include information on the methodology for reporting, contextual information, and descriptions of the nature of economic activities that qualify as Taxonomy-eligible and Taxonomy-aligned. It further specifies that companies shall do this based on three financial KPIs, meaning that they must disclose the proportion of their turnover, CapEx, and OpEx associated with eligible and aligned activities, in line with Annex I and Annex II of the Disclosures Delegated Act. Additionally, new for this year is to include templates outlined in Annex XII.

A general comment on the result relates to the fact that AAK has, due to operating within plant-based oil solutions, a significant amount of turnover, CapEx and OpEx in its income statement which is not within the scope of EU Taxonomy. This explains the limited proportion of Taxonomy-eligibility and Taxonomy-alignment outlined on the following pages.

Taxonomy-eligible and Taxonomy-aligned Turnover

The Disclosures Delegated Act states that the Turnover KPI shall be calculated as the ratio of turnover associated with Taxonomy-eligible and Taxonomy-aligned economic activities (numerator) to net turnover (denominator). Net turnover comprises the revenue recognized pursuant to IFRS International Accounting Standard (IAS) 1 as specified in AAK's consolidated income statement. Please see table 1. Again, AAK's turnover derived from plant-based oil solutions

revenue streams are not in scope of the EU Taxonomy and cannot be reported as either Taxonomy-eligible or Taxonomy-aligned.

Taxonomy-eligible and Taxonomy-aligned CapEx

The Disclosures Delegated Act states that the CapEx KPI shall be calculated as the numerator divided by the denominator. CapEx is calculated on a gross basis before depreciation, amortisation, impairment losses, and re-measurements without changes in fair value. The denominator thus comprises additions to tangible (property, plant, and equipment) and intangible assets during the financial year as stated in the notes to AAK's consolidated financial statements in the Annual Report 2023. This also includes all property, plant, and equipment, and intangible assets that result from business combinations.

The numerator covers the part of CapEx that a) relates to assets or processes from Taxonomy-aligned economic activities, b) are part of a plan to expand Taxonomy-aligned economic activities or to transition eligible activities into aligned activities, c) relate to the purchase of output from Taxonomy-aligned economic activities, and to measures enabling target activities to become low-carbon or reducing the greenhouse gas emissions of the activity.

Based on the full list of investments in and acquisitions of property, plant, and equipment as well as intangible assets for the financial year, AAK identified those investments that originated from eligible activities of the Climate Delegated Act and the Environmental Delegated Act. These investments, primarily related to type c mentioned in the above section, were added to the numerator for the purposes of calculating AAK's Taxonomy-eligible and Taxonomy-aligned CapEx. This exercise shows that AAK made investments in Taxonomy-eligible economic activities in the financial year 2023, as visible from table 2.

As mentioned in the section for technical screening above, one of the eligible capital investments (constitutes 22.8 percent of our total investments FY2023) has been screened for alignment with its respective technical screening criteria. Please see table 2.

Taxonomy-eligible and Taxonomy-aligned OpEx

The Disclosures Delegated Act states that the OpEx KPI shall be calculated as the numerator divided by the denominator. The denominator includes direct non-capitalised costs related to R&D, building renovation measures, short-term lease, maintenance and repair, and any other direct costs relating to the day-to-day servicing of assets of property, plant, and equipment that are needed to ensure the continued and effective functioning of such assets.

The numerator covers the part of OpEx that a) relates to assets or processes from Taxonomy-aligned economic activities, b) are part of a plan to expand Taxonomy-aligned economic activities or to transition eligible activities into aligned activities, c) relate to the purchase of output from Taxonomy-aligned economic activities, and to measures enabling target activities to become low-carbon or reducing the GHG emissions of the activity.

Given that AAK doesn't have any eligible turnover, the operating expenditures reported under the OpEx KPI mainly relates to the maintenance and repair of assets related to property, plant, and equipment. In other words, these costs primarily relate to type c, and were added for the purposes of calculating AAK's Taxonomy-eligible and Taxonomy-aligned OpEx.

In the previous year, AAK could not report on OpEx because the set-up of AAK's financial information system do not support the collection of cost according to the segmentation and level of granularity required by the EU Taxonomy Regulation. However, in financial

year 2023 we have engaged with selected large sites and developed a process to enable data gathering for sites regardless of their current financial systems set-up.

Hence, the calculation of the OpEx KPI is based on actual data deriving from large sites (more than 80 percent coverage) and for remaining sites, allocation keys have been used to arrive at the denominator at Group level. To calculate the share of Taxonomy-eligible and Taxonomy-aligned OpEx we have applied a conservative approach by not including any assumptions in the numerator. Moreover, we have not considered costs related to short term leases as all right-of-use assets are capitalized in the annual report according to IFRS16. Therefore, we have not included these costs under any of the KPIs for financial year 2023.

Considering most of AAK's assets are pertained to our manufacturing processes and machinery, this explains the fairly low numbers reported, as visible in table 3.

Nuclear energy and fossil gaseous fuel related activities

From January 2023 the Complementary Climate Delegated Act (2021/2178) applies to AAK which concerns public disclosures regarding economic activities in certain energy sectors. The Complementary Climate Delegated Act outlines eligible economic activities and their respective technical screening criteria for nuclear energy and fossil gaseous fuels. In this regard, on the 21st of December 2023 the EU Commission published a FAQ that clarified some of the disclosures that needs to be presented in the EU Taxonomy report. Specifically, it requires companies to include additional reporting templates as prescribed in Annex XII of the Disclosures Delegated Act, as illustrated in table 4.

Going forward

In 2022 we focused on creating a solid foundation for our EU Taxonomy reporting. In 2023, we continued the processes for assessing Taxonomy-alignment for our economic activities under the Climate Delegated Act. Furthermore, we started to address the gaps related to reporting on the OpEx KPI. In 2024, AAK will proceed with assessing the technical screening criteria for alignment, and we will continue our work on implementing the process developed for OpEx data gathering across all sites. Finally, we will assess costs related to short term leases to better understand how this can be reflected in our future reporting.

On a general note, AAK will continue to follow the evolving development of the EU Taxonomy Framework to be prepared when, or if, our main economic activity becomes eligible in the future. AAK will use the EU Taxonomy and our work going forward to drive progress by streamlining with other business activities related to our ambition of reducing our climate footprint and managing other environmental impacts as well as social sustainability.

Table 1: Proportion of turnover from products or services associated with Taxonomy-eligible and Taxonomy-aligned economic activities.

FY2023				Substantial Contribution Criteria						DNSH criteria ('Do No Significant Harm')									
Economic activities	Code	Turnover	Proportion of Turnover FY2023	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity	Minimum Safeguards	Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) turnover, FY2022	Category (enabling activity)	Category (transitional activity)
Turnover		SEK	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0.00%	0%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	0.00%	0%	0%
Of which enabling		0	0.00%	0%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	0.00%	E	-
Of which transitional		0	0.00%	0%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	0.00%	-	T
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		0	0.00%														0.00%		
Turnover of Taxonomy-eligible activities (A.1+A.2)		0	0.00%														0.00%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Plant-based oil solutions (food related)		41,985,146,000	91.20%																
Other activities		4,043,185,000	8.80%																
Turnover of Taxonomy-non-eligible activities		46,028,331,000	100%																
Total (A+B)		46,028,331,000	100%																

Table 2: Proportion of capital expenditures associated with Taxonomy-eligible and Taxonomy-aligned economic activities.

FY2023				Substantial Contribution Criteria						DNSH criteria ("Do No Significant Harm")									
Economic activities	Code	CapEx	Proportion of CapEx FY2023	Climate Change Mitigation	Climate change adaptation	Water	Pollution	Circular Economy	Biodiversity	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity	Minimum Safeguards	Proportion of Taxonomy-aligned (A.1) or -eligible (A.2.) CapEx, FY2022	Category (enabling activity)	Category (transitional activity)
CapEx		SEK	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. CapEx of environmentally sustainable activities (Taxonomy-aligned)																			
Production of heat/cool from bioenergy (CapEx C)	CCM 4.24	286,181,000	22.83%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	-	Y	Y	Y	Y	Y	Y	0.00%	-	-
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		286,181,000	22.83%	22.83%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	0.00%	0.00%	0.00%
Of which enabling		0	0.00%	0%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	0.00%	E	-
Of which transitional		0	0.00%	0%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	0.00%	-	T
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned)																			
Acquisition and ownership of buildings (CapEx C)	CCM 7.7	0	0.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	0.64%	-	-
Construction of new buildings (CapEx C)	CCM 7.1	170,000	0.01%	-	-	-	-	-	-	-	-	-	-	-	-	-	4.20%	-	-
Construction, extension, and operation of waste water collection and treatment (CapEx C)	CCM 5.3	5,083,000	0.41%	-	-	-	-	-	-	-	-	-	-	-	-	-	0.17%	-	-
Data processing, hosting, and related activities (CapEx C)	CCM 8.1	47,281,000	3.77%	-	-	-	-	-	-	-	-	-	-	-	-	-	0.00%	-	T
Data-driven solutions for GHG emissions reductions (CapEx C)	CCM 8.2	2,901,000	0.23%	-	-	-	-	-	-	-	-	-	-	-	-	-	0.18%	E	-
Installation, maintenance, and repair of energy efficiency equipment (CapEx C)	CCM 7.3	112,739,000	8.99%	-	-	-	-	-	-	-	-	-	-	-	-	-	8.69%	-	-
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings (CapEx C)	CCM 7.5	684,000	0.05%	-	-	-	-	-	-	-	-	-	-	-	-	-	0.14%	-	-
Installation, maintenance, and repair of renewable energy technologies (CapEx C)	CCM 7.6	0	0.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	0.06%	-	-
Production of heat/cool from bioenergy (CapEx C)	CCM 4.24	0	0.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	18.83%	-	-
Renewal of waste water collection and treatment (CapEx C)	CCM 5.4	18,332,000	1.46%	-	-	-	-	-	-	-	-	-	-	-	-	-	0.69%	-	-
Renovation of existing buildings (CapEx C)	CCM 7.2	118,374,000	9.44%	-	-	-	-	-	-	-	-	-	-	-	-	-	9.42%	-	T
Storage of hydrogen (CapEx C)	CCM 4.12	1,437,000	0.11%	-	-	-	-	-	-	-	-	-	-	-	-	-	0.21%	-	-
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		307,001,000	24.49%														43.24%		
CapEx of Taxonomy-eligible activities (A.1+A.2)		593,182,000	47.33%														43.24%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Capex of Taxonomy-non-eligible activities		660,230,000	52.67%																
Total (A+B)		1,253,412,000	100%																

Table 3: Proportion of operating expenditures associated with Taxonomy-eligible and Taxonomy-aligned economic activities.

FY2023				Substantial Contribution Criteria						DNSH criteria ('Do No Significant Harm')									
Economic activities	Code	OpEx	Proportion of OpEx FY2023	Climate Change Mitigation	Climate change adaptation	Water	Pollution	Circular Economy	Biodiversity	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity	Minimum Safeguards	Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) OpEx, FY2022	Category (enabling activity)	Category (transitional activity)
OpEx		SEK	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Production of heat/cool from bioenergy (OpEx C)	CCM 4.24	3,680,841	0.49%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	-	Y	Y	Y	Y	Y	Y	0.00%	-	-
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		3,680,841	0.49%	0.49%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	0.00%	0%	0%
Of which enabling		0	0.00%	0%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	0.00%	E	-
Of which transitional		0	0.00%	0%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	0.00%	-	T
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Acquisition and ownership of buildings (OpEx C)	CCM 7.7	56,157,906	7.47%	-	-	-	-	-	-	-	-	-	-	-	-	-	0.00%	-	-
Installation, maintenance, and repair of energy efficiency equipment (OpEx C)	CCM 7.3	22,354,629	2.97%	-	-	-	-	-	-	-	-	-	-	-	-	-	0.00%	-	-
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings (OpEx C)	CCM 7.5	1,048,909	0.14%	-	-	-	-	-	-	-	-	-	-	-	-	-	0.00%	-	-
Renovation of existing buildings (OpEx C)	CCM 7.2	13,045,726	1.74%	-	-	-	-	-	-	-	-	-	-	-	-	-	0.00%	-	-
Transport by motorbikes, passenger cars and light commercial vehicles (OpEx C)	CCM 6.5	445,310	0.06%	-	-	-	-	-	-	-	-	-	-	-	-	-	0.00%	-	-
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		93,052,480	12.38%														0.00%		
OpEx of Taxonomy-eligible activities (A.1+A.2)		96,733,321	12.87%														0.00%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
OpEx of Taxonomy-non-eligible activities		654,907,510	87.13%																
Total (A+B)		751,640,831	100%																

Table 4: Proportion of nuclear energy and fossil gaseous fuels associated with Taxonomy-eligible and Taxonomy-aligned economic activities – for financial year 2023.

Template 1: Nuclear and fossil gas related activities		
Row	Nuclear energy related activities	
1.	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	NO
2.	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	NO
3.	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	NO
Fossil gas related activities		
4.	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	NO
5.	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	NO
6.	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	NO

Full transparency in climate reporting

We aim to provide climate-related financial reporting that supports our stakeholders' ability to assess AAK's climate-related risks and opportunities. Our progress is structured around the following four thematic areas recommended by the Task Force on Climate-related

Financial Disclosures (TCFD) and represents the core elements in AAK's strategy to build climate change resilience. Our progress is presented in the TCFD Index overview on the page 80.



In previous years, AAK assessed climate-related risks and opportunities connected to Scope 1 and 2. The financial risk related to climate change was evaluated as low to medium, depending on developments such as local actions taken by governments and countries themselves.

Work continued throughout 2022 with the application of our reduction plans and identification of climate-related risks and opportunities related to Scope 3 to our assessment of the financial impact of climate change. More specifically, climate change and water security impact have been assessed, using two different scenarios with various socio-economic assumptions in line with TCFD disclosure requirements.

Palm, coconut, and soy are the crops most likely to be more heavily impacted overall by climate change than shea, rapeseed, and sunflower. Flooding and drought will likely impact palm and soy, as well as temperature

rises especially in Latin America. India will be the origin potentially most heavily impacted. Coconut will be impacted by tropical cyclones and flooding as well as droughts.

These climate risk insights are important for our teams to consider for future sourcing strategies. The findings will also be used to prioritize the on-the-ground climate risk mitigation efforts that AAK will embark on in the upcoming years.

TCFD and the financial impact of climate change

Building resilience based on a solid foundation

AAK's climate resilience journey was initiated in 2019, when we started identifying and assessing climate-related risks for all production sites and for key raw materials. This initiative continued in 2020, when we started applying the TCFD framework to our findings, focusing on significance and likelihood. In 2021, the approach was further developed by adding climate risk to a site-specific scoring system, supported by a third party. The risk scoring is performed annually and followed up to ensure corrective actions in dialogue with each site.

During 2022 we initiated climate change risk assessments for key raw materials. To ensure a proper methodology in line with IEA World Energy Outlook Scenarios (WEO)¹⁾, Representative Concentration Pathways (RCPs)²⁾ and Shared Socioeconomic Pathways (SSP), the work continued together with a third party to apply the right tools for scenario analysis.

¹⁾ IEA World Energy Outlook (WEO) articulated four scenarios built on different sets of underlying assumptions. The scenarios serve as a tool to enable comparability of possible future scenarios.

²⁾ The Intergovernmental Panel on Climate Change's (IPCC) Fifth Assessment Report (AR5) and Sixth Assessment Report (AR6) articulated various climate scenarios. These "representative concentration pathways" (RCP) and "shared socioeconomic pathways" (SSP) are referred to as "pathways" to emphasize their primary purpose in providing time-dependent projections of atmospheric GHG concentrations.

Scenario analysis and time horizons

The risks were assessed looking at two scenarios: Business-as-Usual and Net Zero by 2050, at different moments in time. The analysis focused on physical risk, which includes the physical impact of climate change on the raw material in a specific sourcing origin.

Scenario 1

The Net Zero Emissions by 2050 Scenario and Sustainable Development Scenario

– "The low carbon revolution"

The Net Zero Emissions by 2050 Scenario (NZE) is an ambitious scenario that limits global warming to +1.5°C by 2100, in line with the assessment in the IPCC Special Report on Global Warming of 1.5°C, through stringent and immediately introduced climate policies and innovation in the energy sector. The Sustainable Development Scenario (SDS) is based on many of the same elements as NZE and also calls for advanced economies to reach net zero by 2050, and China by 2060 and India by 2070. Both scenarios involve more transition risks early on but manage to limit physical risks to a minimum.

Scenario 2

IPCC AR5 (RCP8.5), IPCC AR6 (SSP5-8.5) and Business-as-Usual (BAU) Scenario

– "Climate chaos"

Assumes that only currently implemented policies are preserved. The world does not cut emissions and climate change accelerates, causing 2.5°C of warming by 2050 and >+3°C by 2100 and bringing irreversible changes. It is linked to RCP8.5 and SSP5-8.5, and involves little to no transition risks early on, but results in irreversible and globally disruptive physical damage.

Assessing transition and physical climate risks

The two scenarios inform the identified transition risks and physical risks. Transition risks are related to financial risks of not being prepared for the socio-economic changes of a world striving to meet the

Paris ambition of limiting global warming to 1.5°C. Physical risks are related to the financial risks of not being prepared for the physical changes of a world where ambitious climate policies fail or fall short, and

the global warming pushes towards 3°C. The risks are being assessed based on IEA and IPCC reports, with supportive input from reports and articles from specific geographies and industries.

Scenario Narrative	Net Zero 2050 Scenario +1.5°C global warming (SSP1-2.6, SDS & NZE)	Business-as-Usual Scenario >3°C global warming (SSP1-8.5 & BAU)
Risk assumption	Implementation of policies aimed at agriculture, such as the EU Green Deal and Farm to Fork strategy, affect the prices of food raw material.	Emissions will increase, leading to higher temperatures and more natural disasters. There will be an increase in bushfires, higher sea level rise, more extreme flooding, more extreme drought, and deadly extreme heat.
Main outcome	The NZE scenario involves a long-term strategy for climate neutrality by 2050. Advanced economies will reach net zero in 2050, followed closely by countries like China and India. An introduction of carbon pricing, through both ETS and carbon taxes, will enable the transition to low-emissions energy.	The BAU scenario is dominated by increased physical risk due to the lack of coordinated policy actions. This scenario will be affected by price volatility due to extreme weather events disrupting the crops.
Main impacts on business	Increased carbon pricing enables a shift towards renewable energy sources. This will lead to higher operational costs and prices for food raw material.	A high frequency of extreme weather events leads to scarcity in raw materials and higher prices. Extreme heat can lead to decrease in quality or volume of raw material. Acute extreme weather events can lead to the disruption of crops either in part or in whole.

Identified risks and opportunities for AAK

Risks						
	Type	Risk	Likelihood	Financial impact	Time horizon	Description of risk and evaluation
Transition risk	Laws and regulation	Carbon pricing (Scope 1)	Almost certain	Low	Medium-term	The cost of EUA mandatory carbon credits will increase going forward. However, the financial impact is considered low for AAK in short and mid-term and will not be relevant since not many sites use carbon credits. Aarhus, one of the main ones, will apply Biomass boilers (to reduce their climate footprint by 90% and around 15% for the AAK Group).
		Regulations (EUA and RECs, carbon pricing) (Scope 2)	Almost certain	Low	Short-term	Increasing the scope of green electricity stepwise year on year, the impact has already been embedded in SBT roadmaps. Since significant cost is defined in line with our delegation of authority policy, it will not reach authorization level. Thus, this is not considered to have significant financial impact.
	Technology	Investments in necessary technologies and innovations	Possible	Low	Medium-term	To reach AAK's reduction targets, the company might need to invest in new technology or innovations. Costs are evaluated and embedded in the SBT roadmap for Scope 1.
	Market	Change in consumer behaviour	Possible	Low	Long-term	The risk of consumers changing their behaviours due to climate change and new regulations makes AAK's multi-oil setup and close collaboration with customers a strong approach, with high adaptability to changes.
	Reputation	Failure to meet climate ambitions set by AAK	Not likely	Low	Medium-term	Failure to meet AAK's own ambitions can lead to bad publicity, harming our reputation. However, robust and aligned plans are in place, so this risk is considered low.
Physical risk	Acute	National hazards impacting sites and surroundings	Possible	Low	Medium-term	National hazards like power outages, or higher energy costs, are likely to increase, which can harm AAK's sites. Low risk at site level is also described below.
		Limited availability of water	Almost certain	Low	Medium-term	Drought events will cause water scarcity, affecting both raw materials and production sites. We expect several types of global raw material to be potentially affected by increased droughts. In particular, India, Mexico and West Africa will need to be monitored as countries of origin for specific raw materials.
		Wildfire, wind, hail-storm, seismic hazard, lightning	Possible	Low	Medium-term	Extreme acute weather events will disrupt crops of key raw materials. The risk of wildfires was mostly linked to sunflower crops, with the highest risk by 2030 in Italy and by 2050 in Italy, Hungary, and Romania. Tropical cyclones or tornados have been identified as key risks for several raw materials from multiple origins. Soy and coconut from Latin America and south-east Asia in particular could be at risk in the future. As AAK sources from multiple origins, the overall financial risk is currently considered low. This risk is low for operations.
	Chronic	Increased sea level	Almost certain	Low-medium	Medium-term	Ports across the world will be affected by the combination of storm surges and sea level rise. This may impact shipments of AAK's key raw materials.
		Contamination of land	Possible	Low	Medium-term	Chemicals and pesticides used in agriculture can contaminate soil and disturb biodiversity. Increased salt levels in soils can furthermore disturb existing ecosystems.

Identified risks and opportunities for AAK

Opportunity					
Type	Opportunity	Likelihood	Financial impact	Time horizon	Description of opportunity
Resource efficiency	Energy consumption reduction	Almost certain	Low-medium	Medium-term	By investing in green energy, AAK can reduce our emissions significantly.
	Waste reduction	Almost certain	Medium	Medium-term	Reduce plastic use and improve recycling processes.
	Circularity	Possible	Low-medium	Medium-term	Increase by-products from side streams.
Energy source	Sustainable alternatives to boilers	Possible	Medium	Long-term	Hydrogen is growing in Europe, showing great potential. Biomass boilers are also a possibility and are already being implemented in Aarhus.
Market	Increased demand and volume growth in plant-based foods and natural alternatives to fossil-based solutions	Possible	Medium	Medium-term	Greater interest in and adoption of plant-based foods, so AAK can strive to be the preferred supplier to plant-based food companies.

Physical and transition risks to AAK's sites

The physical climate-related risks to our operational sites have been assessed by a third party and was finalized during 2021. The results of these assessments, completed in 2021, are listed below.



Type of risk	Corrective action
Extremely high risk	No sites identified
High risk (Acute) – Minimum financial response needed Water exposure presents the greatest risk in Zhangjiagang, China, in terms of flooding, and in Louisville, Kentucky (US), where exposure to tornadoes poses the greatest risk.	China: Inherent risk taken into account in the site's design, including raised ground level. Mitigating actions have been implemented to reduce the risk to a medium residual risk level. Our Louisville water treatment facilities have been constructed to withstand higher windspeeds, and emergency planning has been updated to handle more severe weather (tornadoes) and to limit personal injury and property damage.
Medium to high (Acute) – No additional financial cost Four medium- to high-risk sites were identified (Karlshamn, Aarhus, Richmond, and Jundiai). All are exposed to flooding from high sea levels caused by storms.	All sites located in harbours have their own docks and safety precautions. All sites have action plans in place, including pumps and other important materials including training in the event of an incident.
Low to medium (Chronic) – Most relevant but not cost significant Limited availability of cooling water due to increased sea temperature at 3 sites in Europe and 2 in the US. Worst case scenario additional cooling towers, additional electricity consumption.	Karlshamn is low risk, as they are already pursuing alternative cooling and technical solutions. No financial response to be estimated. Cost-wise not significant, as costs are a natural part of AAKs CapEx system and daily operational activity planning.
Low risk – No significant cost impact	All other sites considered low risk, so no further corrective action is needed.

Next step

Climate change risks are included in our raw material program management and reflected in our Science Based Target priorities.

Countries in scope where AAK operates:

Belgium	India
Brazil	Mexico
China	Netherlands
Colombia	Sweden
Denmark	Uruguay
England	USA

TCFD Index overview

Area/target	TCFD recommendations	References in the Sustainability Report 2023
Climate: organization and governance	a) Describe the organization’s governance around climate-related risks and opportunities.	Read the Sustainability Governance section on pp. 35–45. For a deeper understanding of our climate-related risks and opportunities, read the Climate chapter on pp. 48–53. AAK’s CDP disclosures are found at CDP.net .
	b) Describe management’s role in assessing and managing climate-related risks and opportunities.	
Climate strategy	a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	Read the Climate chapter on pp. 13–18, 48–53 and the CDP disclosures at CDP.net .
	b) Describe the impact of climate-related risks and opportunities on the organization’s businesses, strategy, and financial planning.	For more information on processes and action taken to assess and address climate-related risks, see AAK’s sustainability strategy and priorities on pp. 10–12 and our climate roadmap on p. 15.
	c) Describe the resilience of the organization’s strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	Read our scenario analysis and our identified risks and opportunities for AAK on p. 77.
Risk management	a) Describe the organization’s processes for identifying and assessing climate-related risks.	The process of identifying climate related risk is described in the TCFD section, and financial impact of climate change on pp. 77–83.
	b) Describe the organization’s processes for managing climate-related risks.	Read the Sustainability Governance section on pp. 35–45. For a deeper understanding of our processes for managing climate-related risks, read the Climate section on pp. 48–53. AAK’s CDP disclosures are found at CDP.net .
	c) Describe the processes for identifying, assessing, and managing how climate-related risks are integrated into the organization’s overall risk management.	Read about our high-level governance of climate-related risks in the Sustainability Governance section on pp. 35–45. AAK also has a risk council that identifies, mitigates and reports on risks that can significantly affect the business, including the findings from our climate change risk assessments. Significant financial risks need to be communicated to the Audit Committee and the Board of Directors in line with AAK’s Delegation of Authority policy. AAK is also committed to conduct climate change risk assessments regularly in line with the AAK Group Environmental Policy.
Metrics and targets	a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	Read the sections about our Climate Commitments on p. 14, Climate on pp. 48–53, and Sustainability Governance on pp. 35–45. AAK also applied an environmental scoring system to continuously assess site performance, including climate change mitigation and adaptation.
	b) Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) omissions and the related risks.	The following climate-related KPIs are reported in our Sustainability Report: Energy consumption within the organization (GRI 302-1), direct and indirect CO ₂ emissions, including fugitive emissions (GRI 305-1, 305-2), reduction of GHG emissions (GRI 305-5), and emissions of ozone-depleting substances (GRI 305-6). For science based target results (Scope 1, 2, and 3), see p. 49. AAK’s CDP report is found at CDP.net .
	c) Describe the metrics used by the organization to manage climate-related risks and opportunities against targets.	Read about our climate roadmap and Science Based Targets on pp. 14–15.

Restatement of information

Water consumption

Prior to 2020, AAK's water consumption was calculated as a total of municipal water and ground-water volumes. From 2020 onwards, this calculation was 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 they were withdrawn. Consequently, the 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 following period.

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 following period. The comparable period starts in 2020 and includes the years 2020–2022.

GHG emissions

During 2020, AAK committed to set Science Based Targets. Year 2019 was chosen as the 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 CO₂ equivalents, including global warming potential from CO₂, CH₄, N₂O, HFCs, PFCs, SF₆, and NF₃. Methodology and data sources used for GHG emission calculations are IPCC, GHG Protocol and DEFRA.

In December 2023, AAK submitted its climate change ambitions for Scope 1, Scope 2 and Scope 3 to the Science Based Targets Initiative, which were approved.

Scope 1

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 fifth 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 3.51. 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 also used the grid-average emission factors for the market-based calculations. For more information, see GRI Index 305-2.

Scope 3

Our climate commitments refer to a near-term timeline (2030) and comprise both FLAG and non-FLAG targets. 2023 is the first year after our baseline setting in 2019 that AAK calculated its Scope 3 emissions, based on a mix of spend and activity data with support from a third party.

Grievance monitoring

In 2023 we adjusted how we keep track of incoming grievance cases, aligning our disclosure in this report with our public grievance tracker (see <https://www.aak.com/sustainability/better-sourcing/palm/grievance-tracker/>). We identified a new way of reporting that reflects grievance cases at supplier group level and allows for a more structured way for tracking group level commitment and transformation. The group level approach is aligned with our suspension mechanism as well as VDF methodology.

People in our operations

For people data in AAK operations, we used data from the end of the reporting period (December 2023). Figures are reported in full-time employees, FTEs.

People in our supply chain

For people data in our supply chain we discovered a mistake in 'nr of smallholders engaged' in our Solidaridad project in Mexico. The number has been corrected and the data collection methodology has been improved to avoid any mistakes going forward.

Collaboration and transparency

Embedded in our purpose is a strong belief that collaboration and transparency pave the way forward when addressing sustainability. We make every effort to ensure that we are a responsible, trustworthy business partner to our stakeholders. 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

AAK takes a proactive approach by investigating upcoming legislation, scientific progress, and the priorities of food safety agencies, with the goal of identifying issues that could become emerging customer requirements. We provide visibility to our customers around 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

through root cause analysis 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.

Certifications and awards

Certifications		
Area	Percentage of AAK production sites	Certificate
Food safety	100	FSSC 22000, BRC
Environment	35	ISO 14001
Energy	10	ISO 5001
Ethics	60	Members of Sedex has passed SMETA audit
Palm oil	100	RSPO ¹⁾

¹⁾ The above RSPO calculations do not include the new site in India, Kakinada, which completed all preparations related to RSPO and will be audited in April 2024.

ISO 14001

AAK sees great value in ISO 14001 environmental certification. This certification creates a solid management system to drive progress towards our 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 of having all sites certified accordingly.

Sedex Members Ethical Trade Audit

Sedex Members Ethical Trade Audit (SMETA) is one of the world's most widely used audit formats for ethical trade. It assesses the company's systems, documentation, and facilities against the Ethical Trading 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 2023, 13 of AAK sites were Sedex certified, and we aim for all relevant sites in scope to 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 increased our score in 2023, AAK received a silver medal and is among top 15 percent of all companies rated globally.

Memberships in international associations

- Founding member of the Roundtable on Sustainable Palm Oil (RSPO)
- Founding member of the Global Shea Alliance (GSA)
- Founding member of the Coconut Roundtable (2022)
- Founding member of the Sustainable Coconut Partnership (2023)
- EU Oil and Protein meal Industry (FEDIOL)
- Federation of Oils, Seeds and Fats Association (FOSFA)
- Food Drink Europe
- European Oleochemicals and Allied Products Group (APAG)
- National Institute of Oilseed Products (NIOP)
- Plant Based Foods Association
- MISTA

Product information

Product data sheets (PDS) – Contain specific attributes for a product. Can include key specification parameters, areas of application, nutritional information, list of ingredients, packaging, and labelling.

Product Manufacturing Information (PMI) – Contains further specific information on a product and related manufacturing that may not appear in the PDS, including details on contaminants, origin, allergens, legislation compliance, GMOs, etc.

Safety data sheet (SDS) or Material Safety Data Sheet (MSDS) – A standardized document that contains crucial occupational safety and health information.

Certificate of analysis (COA) – Provided by local AAK laboratories with the delivery of each product batch. The COA offers traceability information and the analytical results of quality control programs.

Key abbreviations

Abbreviation	Definition
APAG	European Oleochemicals and Allied Products Group
CBE	Cocoa butter equivalent
CNSF	National Forest Seed Center of Burkina Faso
CSPO	Certified Sustainable Palm Oil
DEFRA	Department for Environment, Food & Rural Affairs
FFB	Fresh Fruit Bunches
FLAG	Forest Land and Agriculture
FOSFA	The Federation of Oils, Seeds and Fats Association
GSA	Global Shea Alliance
ISCC	International Sustainable and Carbon Certification
NDPE	No Deforestation, no Peat and no Exploitation
NIOP	National Institute of Oilseed Products
RCPs	Representative Concentration Pathways
SMETA	Sedex Members Ethical Trade Audit
TTP	Traceability To Plantation
VDF	Verified Deforestation-Free palm oil
WISH	Women in Shea
WEO	IEA World Energy Outlook Scenarios
SCP	Sustainable Coconut Partnership

Governance of AAK’s material topics

Environment, Climate	Environment, Biodiversity	Social, People	Governance	Product solutions
Impact (actual and potential, negative or positive impact)				
<ul style="list-style-type: none"> • GHG emissions in Scope 1 and 2 reduced by 21.7 percent since 2019 • Improved environmental conditions from AAK’s water treatment units • Target set to recycle 100 percent of our waste by 2030 • Target set to have 100 percent renewable electricity produced by 2025 • Reduction of CO₂ emissions linked to AAK’s VDF commitment 	<ul style="list-style-type: none"> • Prevention of deforestation through AAK’s contribution • Promotion of biodiversity through AAK’s contribution • Reforestation and planting of trees • Sourcing raw materials sustainably • Supplier commitment to NDPE 	<ul style="list-style-type: none"> • Employee development • Equality, diversity, and inclusion • Healthy and safe work environment • Better living conditions for people thanks to community engagement programs on sites • Supplier commitment to NDPE • Employee well-being thanks to the AAKtivate program • Responsible sourcing methods with focus on human rights for all stakeholders and vulnerable groups 	<ul style="list-style-type: none"> • Transparent and responsible business conduct 	<ul style="list-style-type: none"> • Sourcing raw materials sustainably • Developing and delivering healthy product solutions • Providing product traceability • Contributing to the development of plant-based production solution • Contributing to a more sustainable food system • Driving the shift from fossil-based to natural solutions
Negative effects as a consequence of activities and business relationships				
<ul style="list-style-type: none"> • Disposal to the environment of bleaching earth waste • Emissions from land use • Disposal of palm oil mill effluents 	<ul style="list-style-type: none"> • Negative environmental effects from sourcing palm oil, coconuts and soy 	<ul style="list-style-type: none"> • Stress and ill health among employees • Workplace injuries • Negative effects from AAK’s business on local livelihoods 	<ul style="list-style-type: none"> • Potential corruption, bribes and unethical business practices 	<ul style="list-style-type: none"> • Pollution from production (suppliers) and use of AAK’s solutions

Environment, Climate	Environment, Biodiversity	Social, People	Governance	Product solutions
Policies and commitments				
<ul style="list-style-type: none"> • AAK Group Code of Conduct • AAK Group Sustainability Policy • AAK Group Environmental Policy • ISO 14001 • ISO 50001 • Roundtable on Sustainable Palm Oil • Global Shea Alliance GSA • AAK Group Policy and Code of Conduct for Responsible Sourcing of Plant-based Oils 	<ul style="list-style-type: none"> • AAK Group Code of Conduct • AAK Group Sustainability Policy • AAK Group Environmental Policy • AAK Group Policy for Responsible Sourcing • AAK Group Policy and Code of Conduct for Responsible Sourcing of Plant-based Oils • AAK Group Grievance Management Procedure • EU Vegetable Oil and Proteinmeal Industry • Federation of Oils, Seeds and Fats Association • National Institute of Oilseed Products • Sustainable Coconut Partnership 	<ul style="list-style-type: none"> • AAK Group Code of Conduct • AAK Group Sustainability Policy • AAK Group Environmental Policy • AAK Group Policy and Code of Conduct for Responsible Sourcing of Plant-based Oils 	<ul style="list-style-type: none"> • AAK Group Code of Conduct • AAK Group Sustainability Policy • AAK Supplier Code of Conduct • AAK Group Code of Conduct for Agents and Distributors • AAK Group Policy and Code of Conduct for Responsible Sourcing of Plant-based Oils • AAK Group Palm Grievance Process • AAK Group Environmental Policy • SEDEX/SMETA • AAK Anti-Corruption Policy • AAK Anti Money Laundering Policy • AAK Sanctions Policy 	<ul style="list-style-type: none"> • AAK Group Code of Conduct • AAK Group Sustainability Policy • AAK Supplier Code of Conduct • AAK Group Code of Conduct for Agents and Distributors • AAK Group Policy and Code of Conduct for Responsible Sourcing of Plant-based Oils • AAK Group Grievance management Procedure • AAK Group Environmental Policy • SBTi • UN Global Compact • ISO 9001 • FSSC 22000 • ISO 22000 • BRC • EcoVadis • Food Drink Europe • European Oleochemicals and Allied Products Group • Plant Based Foods Association

Environment, Climate	Environment, Biodiversity	Social, People	Governance	Product solutions
Actions to manage impact				
<ul style="list-style-type: none"> Measuring and monitoring water use to identify potential savings Communicating and engaging with stakeholders to promote water efficiency Switching energy suppliers to renewable energy Increasing uptake of RSPO – certified/VDF palm oil Engaging with primary data management platforms, e.g. Improvin’ Efficient processing practices through improved stoves in shea Supplier engagement 	<ul style="list-style-type: none"> Continuously increasing the share of deforestation- and conversion-free palm and soy in sourcing and offerings Satellite monitoring of our whole palm supply chain Extending our verified deforestation-free supply chain commitment to all key raw materials until 2030 Extending satellite monitoring to our Philippine coconut sourcing base Planting shea trees Planting coconut trees Initiatives in regenerative agriculture in palm and rapeseed 	<ul style="list-style-type: none"> Self-assessment questionnaire and training for shea suppliers Continuous updating of policies for suppliers and supplier training and engagement Continuous involvement in the AAKtivate program Smallholder engagement Human rights due diligence efforts through SEDEX and other industry platforms 	<ul style="list-style-type: none"> House of Sustainability framework Continuously embedding ESG matters in the risk council Third-party verifications Supplier scorecards and supplier self-assessments Compliance training provided to relevant functions in all the regions 	<ul style="list-style-type: none"> Raw material traceability Screening of suppliers Certification of solutions, e.g., food safety, quality, environment, energy, ethics, social and palm-specific ESG parameter on investment activities Customer Innovation Centres of Excellence and AAK Academies
Follow-up of the effectiveness of activities				
<ul style="list-style-type: none"> Supplier scorecards and evaluations Quarterly progress review internally Annual reporting of sustainability KPIs 	<ul style="list-style-type: none"> Supplier scorecards and evaluations Quarterly progress review internally Annual reporting of sustainability KPIs 	<ul style="list-style-type: none"> Supplier scorecards and evaluations Quarterly progress review internally Annual reporting of sustainability KPIs 	<ul style="list-style-type: none"> Supplier scorecards and evaluations Quarterly progress review internally Annual reporting of sustainability KPIs 	<ul style="list-style-type: none"> Supplier scorecards and evaluations Quarterly progress review internally Annual reporting of sustainability KPIs
How stakeholders are informed about the effectiveness of activities				
<ul style="list-style-type: none"> Sustainability Report Stakeholder dialogues 	<ul style="list-style-type: none"> Sustainability Report Stakeholder dialogues 	<ul style="list-style-type: none"> Sustainability Report Stakeholder dialogues 	<ul style="list-style-type: none"> Sustainability Report Stakeholder dialogues 	<ul style="list-style-type: none"> Sustainability Report Stakeholder dialogues

GRI content index

Statement of use: AAK AB has reported in accordance with the GRI Standards for the period 1 January 2023 to 31 December 2023

GRI 1 used: GRI 1: Foundation 2021

Applicable GRI Sector Standard(s): Not applicable

GRI Standard	Disclosure Name	Location	Omission		
			Requirement(s) omitted	Reason	Explanation
General disclosures					
GRI 2: General Disclosures 2021	2-1 Organizational details	3, 82			
	2-2 Entities included in the organization's sustainability reporting	36			
	2-3 Reporting period, frequency and contact point	36, 37			
	2-4 Restatements of information	36			
	2-5 External assurance	98			
	2-6 Activities, value chain and other business relationships	3, 11-12			
	2-7 Employees	61			
	2-8 Workers who are not employees	n.a.	AAK does not yet report this information.	Information incomplete.	AAK will prepare to report this information for the implementation of ESRS.
	2-9 Governance structure and composition	42 and AAK Annual Report p. 50-51			
	2-10 Nomination and selection of the highest governance body	41			
	2-11 Chair of the highest governance body	41			
	2-12 Role of the highest governance body in overseeing the management of impacts	42-43			
	2-13 Delegation of responsibility for managing impacts	40, 42-43			
	2-14 Role of the highest governance body in sustainability reporting	40-41			
	2-15 Conflicts of interest	41			
	2-16 Communication of critical concerns	41, 45-46			
	2-17 Collective knowledge of the highest governance body	40-42			
	2-18 Evaluation of the performance of the highest governance body	41 and in AAK Annual Report p. 116			
	2-19 Remuneration policies	41 and in AAK Annual Report p. 116			
	2-20 Process to determine remuneration	41 and in AAK Annual Report p. 116			

GRI Standard	Disclosure Name	Location	Omission		
			Requirement(s) omitted	Reason	Explanation
General disclosures					
GRI 2: General Disclosures 2021	2-21 Annual total compensation ratio	n.a.	AAK does not yet report this information.	Information unavailable.	AAK will prepare to report this information for the implementation of ESRS.
	2-22 Statement on sustainable development strategy	4			
	2-23 Policy commitments	31-33, 43, 61 n.a.			
	2-24 Embedding policy commitments	31-33 43,			
	2-25 Processes to remediate negative impacts	41, 45-46, 61-63			
	2-26 Mechanisms for seeking advice and raising concerns	45-46			
	2-27 Compliance with laws and regulations	43			
	2-28 Membership associations	85			
	2-29 Approach to stakeholder engagement	37, 60-63			
	2-30 Collective bargaining agreements	43			
Material topics					
GRI 3: Material Topics 2021	3-1 Process to determine material topics	37, 39			
	3-2 List of material topics	38			
Economic performance					
GRI 3: Material Topics 2021	3-3 Management of material topics	77, 87-89			
GRI 201: Economic Performance 2016	201-2 Financial implications and other risks and opportunities due to climate change	77-79			
Anti-corruption					
GRI 3: Material Topics 2021	3-3 Management of material topics	43, 87-89			
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risk related to corruption	43, 62, 64			
	205-2 Communication and training about anti-corruption policies and procedures	43			
	205-3 Confirmed incidents of corruption and actions taken	43			
Materials					
GRI 3: Material Topics 2021	3-3 Management of material topics	87-89			
GRI 301: Materials 2016	301-1 Materials used by weight or volume	n.a.			

GRI Standard	Disclosure Name	Location	Omission		
			Requirement(s) omitted	Reason	Explanation
Material topics					
Energy					
GRI 3: Material Topics 2021	3-3 Management of material topics	50, 52, 87-89			
GRI 302: Energy 2016	302-1 Energy consumption within the organization	50, 52			
	302-3 Energy intensity	50, 52			
	302-4 Reduction of energy consumption	50, 52	AAK does not fully report this information.	Information incomplete.	Work is ongoing to improve the inventory of energy efficiency projects and increase granularity of data collection.
Water and effluents					
GRI 3: Material Topics 2021	3-3 Management of material topics	51-52, 87-89			
GRI 303: Water and Effluents 2018	303-3 Water withdrawal	51-52			
	303-5 Water consumption	51-52			
Biodiversity					
GRI 3: Material Topics 2021	3-3 Management of material topics	53-57, 87-89			
GRI 304: Biodiversity 2016	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	3, 55			
	304-2 Significant impacts of activities, products and services on biodiversity	22, 53			
Emissions					
GRI 3: Material Topics 2021	3-3 Management of material topics	48-50, 77-83, 87-89			
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	36, 49-51			
	305-2 Energy indirect (Scope 2) GHG emissions	36, 49-51			
	305-3 Other indirect (Scope 3) GHG emissions	36, 48-49			
	305-4 GHG emissions intensity	49-50			
	305-5 Reduction of GHG emissions	14, 16, 50-51			
	305-6 Emissions of ozone-depleting substances (ODS)	49-50			
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	49-50			

GRI Standard	Disclosure Name	Location	Omission		
			Requirement(s) omitted	Reason	Explanation
Material topics					
Waste					
GRI 3: Material Topics 2021	3-3 Management of material topics	50-51, 87-89			
GRI 306: Waste 2020	306-2 Management of significant waste-related impacts	50-51			
Supplier environmental assessment					
GRI 3: Material Topics 2021	3-3 Management of material topics	87-89			
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	45			
Occupational health and safety					
GRI 3: Material Topics 2021	3-3 Management of material topics	58-59, 87-89			
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	61-63			
	403-9 Work-related injuries	58-59, 70			
Training and education					
GRI 3: Material Topics 2021	3-3 Management of material topics	59, 87-89			
GRI 404: Training and Education 2016	404-2 Programs for upgrading employee skills and transition assistance programs	59			
Diversity and equal opportunity					
GRI 3: Material Topics 2021	3-3 Management of material topics	59, 87-89			
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	59			
Non-discrimination					
GRI 3: Material Topics 2021	3-3 Management of material topics	87-89			
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	59			

GRI Standard	Disclosure Name	Location	Omission		
			Requirement(s) omitted	Reason	Explanation
Material topics					
Child labor					
GRI 3: Material Topics 2021	3-3 Management of material topics	62-65, 87-89			
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	64-65			
Forced or compulsory labor					
GRI 3: Material Topics 2021	3-3 Management of material topics	64-65, 87-89			
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	60-61, 64-65			
Local communities					
GRI 3: Material Topics 2021	3-3 Management of material topics	87-89			
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	11, 62-65			
Supplier social assessment					
GRI 3: Material Topics 2021	3-3 Management of material topics	87-89			
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	45			

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 2023 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, April 10, 2024
KPMG AB

Jonas Nihlberg
Authorized Public Accountant

Everything

we do
is about

Making Better Happen™

We specialize in plant-based oils that are the value-adding ingredients in the products people love to consume. We make these products better tasting, healthier, and more sustainable.

At the heart of AAK's offering is Customer Co-Development, combining our desire to understand what better means for each customer with the unique flexibility of our production assets and deep knowledge across products and industries. 4,100 employees support our close collaboration with customers through 25 regional sales offices, 15 dedicated Customer Innovation Centers and 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

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