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## Sustainability update

Capital Market Day 2020

**AAK**

# Forward-looking statements

This presentation includes forward-looking statements that are subject to risks and uncertainties, including those pertaining to the anticipated benefits to be realized from the proposals described herein.

This presentation contains a number of forward-looking statements including, in particular, statements about future events, future financial performances, plans, strategies, expectations, prospects, competitive environment, regulation and supply and demand. AAK has based these forward-looking statements on its views with respect to future events and financial performance. Actual financial performance of the entities described herein could differ materially from that projected in the forward-looking statements due to the inherent uncertainty of estimates, forecasts and projections, and financial performance may be better or worse than anticipated.

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## Our commitment Making Better Happen™ – from Plant to Brand

- › Better sourcing – engage to transform
- › Better operation – reduce environmental and social risks
- › Better solutions – enable a better world

UNGC's Statement for Renewed Global Cooperation signed

# Expectations from our key stakeholders



## Responsible sourcing of raw materials

- ◆ Offer traceability of products
- ◆ Reduce environmental impact, including deforestation and biodiversity
- ◆ Reduce greenhouse gas emissions from supply chain
- ◆ Respect working conditions and improve livelihoods of smallholders



## Resource efficiency

- ◆ Continuously work to improve energy efficiency
- ◆ Reduce greenhouse gas emissions from operations
- ◆ Take active steps to mitigate external risks related to climate change
- ◆ Assess environmental impact of products throughout entire product life cycle



## People and Governance

- ◆ Prevent harassment throughout operations
- ◆ Have active whistleblower system covering the supply chain
- ◆ Ensure compliance with AAK Code of Conduct – operations and business relationships
- ◆ Promote employee competence and career development



# Our priorities

## ◆ Sustainable sourcing

- ◆ Ensure deforestation-free and respecting human and labor rights
- ◆ Reduce greenhouse gas emissions from supply chain
- ◆ Empowering smallholder livelihoods and women

## ◆ Sustainable operation

- ◆ Reduce environmental footprint including greenhouse gas emissions
- ◆ Ensure well-being of our People
- ◆ Support local communities through partnerships

## ◆ Sustainable solutions

- ◆ Co-develop solutions with special sustainability credentials
- ◆ Enable growing consumer demand for plant-based foods

# Our approach



## Sustainable sourcing

- ◆ “Engage to transform” program with suppliers
  - ◆ Scorecards for direct suppliers
- ◆ Partnership with Proforest for supply chain monitoring
- ◆ Satellite monitoring of deforestation risk
- ◆ Pre-competitive industry collaboration
- ◆ Partnership with local NGOs and communities to improve smallholder livelihoods

## Sustainable operation

- ◆ Benchmark all sites globally on sustainability criteria, awarding the better performance
- ◆ Share better practice in global sustainable operations network
- ◆ Continuously investigate and deploy new Best Available Technology to reduce environmental footprint
- ◆ Focus on Health & Safety and Diversity & Inclusion

## Sustainable solutions

- ◆ Proactively develop new and improved solutions to support the fast-growing plant-based foods industry
- ◆ Conduct “deep dive” customer interviews on future sustainability requirements
- ◆ Co-develop sustainable solutions with our customers to help deliver on their sustainability promises

# Our key targets and ambitions

## Sustainable sourcing

- ◆ 100% verified deforestation-free palm and soy supply chains by 2025
- ◆ 100% palm traceability to plantation by 2025
- ◆ Set science-based engagement target for our supply chain – scope 3
- ◆ Simultaneously improve our impact on smallholders' and women's livelihoods

## Sustainable operation

- ◆ Minimize our environmental impact and increase resource efficiency per processed unit of raw material
- ◆ Set science-based targets for our operation – scope 1+2
- ◆ Working towards an injury-free workplace

## Sustainable solutions

- ◆ Be a knowledgeable partner on sustainability and a catalyst for change
- ◆ Increase percentage of revenue from solutions with special sustainability credentials
- ◆ Improve the quality and sensory performance of plant-based foods





Making Better Happen™



# Better sourcing



## Palm

- ◆ Sustainability scorecards
- ◆ Doubled traceability to plantation
- ◆ Pilot of satellite monitoring of deforestation
- ◆ Partnerships with
  - ◆ Suppliers
  - ◆ Customers
  - ◆ Industry organizations
  - ◆ NGOs and smallholders



## Shea

- ◆ Improved livelihoods for an additional **75,000** women within Kolo Nafaso (now **307,000**)
- ◆ **30,000** shea trees planted
- ◆ Anti-child labor campaign launched in West Africa
- ◆ Partnership with Saha Global ensures access to clean drinking water in Ghana
- ◆ Partnership with INSEAD



## Coconut

- ◆ Support of coconut nursery
- ◆ Coconut Sawy Charter signed

## Soy

- ◆ Supply chain risks mapped with Proforest

## Sunflower and Rapeseed

- ◆ First International Sustainability and Carbon Certification

# Sustainability Co-development with Nestlé on palm oil

- ◆ Nestlé committed to using 100% sustainable palm oil in its supply chain
- ◆ AAK and Nestlé supported by Proforest – supply chain monitoring experts
- ◆ Responsible sourcing road maps for two key suppliers
- ◆ Progress:
  - ◆ Improved traceability to plantation
  - ◆ Reduced risk of deforestation
  - ◆ Reduced risk of human rights abuses
- ◆ Tested proactive deforestation monitoring in Malaysia
- ◆ Progress towards a responsibly sourced supply chain in line with Nestlé's requirements, including verified deforestation-free



# Our partnerships enable improved smallholder livelihoods



## **Solidaridad**

Enabling RSPO certification in Mexico



## **Forever Sabah**

Enabling RSPO certification in Malaysia (Borneo)



## **Rainforest Alliance**

Enabling coconut certification in Indonesia



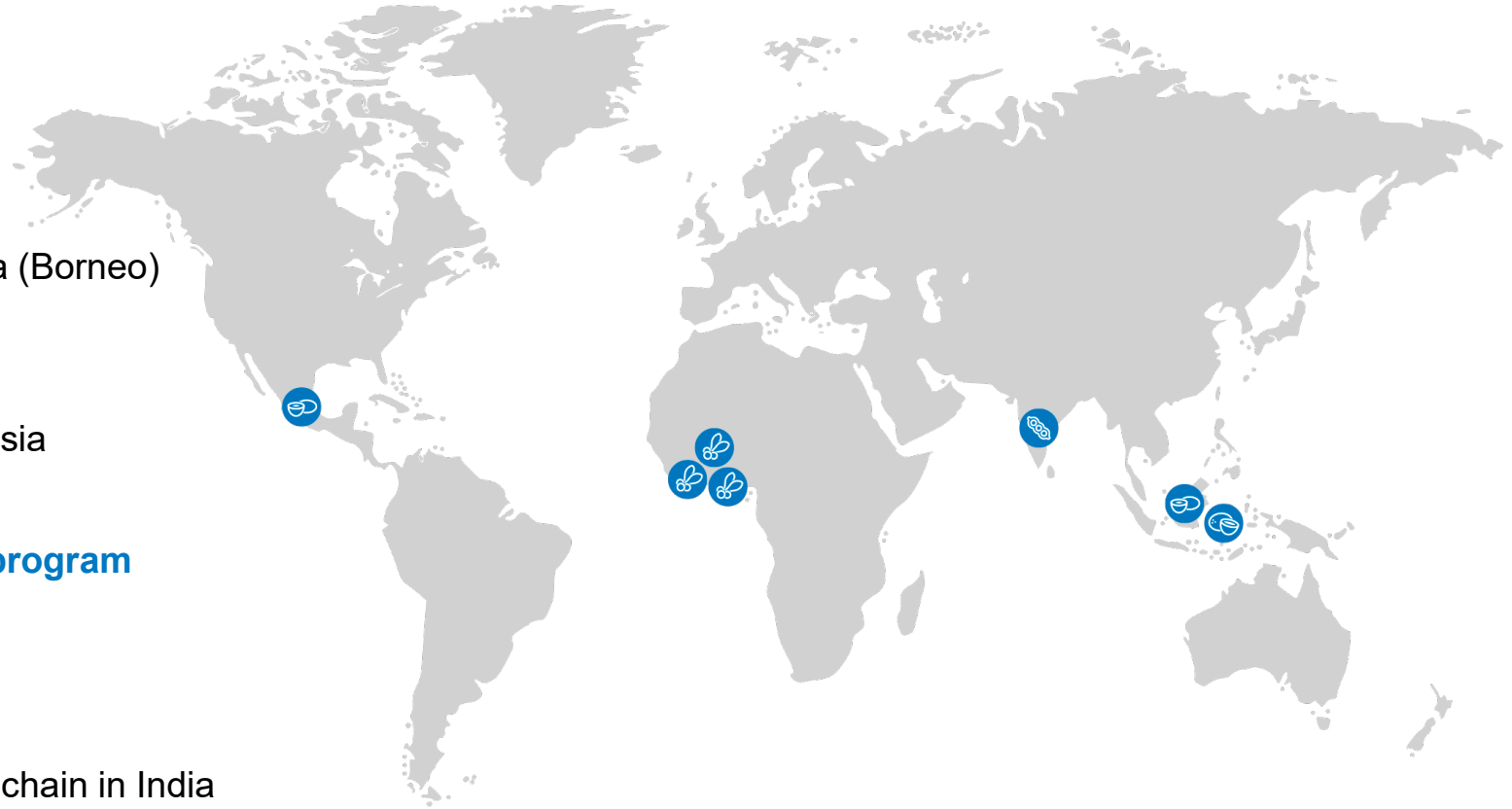
## **Kolo Nafaso – direct shea sourcing program**

Women empowerment in West Africa



## **Direct soy sourcing program**

Empowerment of smallholders in value chain in India through community-based purchasing



## Better operation – environmental progress within the AAK operation globally

- ◆ Environmental impact minimized
  - ◆ 7% reduced energy consumption\*
  - ◆ 2% reduced water consumption\*
- ◆ Partnerships established to accelerate circular economy
  - ◆ 48% reduced waste to landfill
  - ◆ Bioboiler implemented
- ◆ Aligning with The Greenhouse Gas protocol
- ◆ Future-proofing sites with climate change risk assessments
- ◆ Site climate risk mitigation aligned with TCFD (Task Force on Climate-related Financial Disclosures)

*\* processed unit compared to 2018*



## Better solutions – AkoPlanet™

- ◆ Supporting increasing consumer demand for plant-based foods
- ◆ With AkoPlanet™ we help our customers make tastier and healthier plant-based foods
- ◆ The AkoPlanet™ range has been further developed

**AkoPlanet™**  
by **AAK**

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The Co-Development Company



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# Our most significant contributions to the Sustainable Development Goals



**1.4 No poverty** – Equal right to economic resources:  
Reduced poverty by **including smallholders** in our supply chains



**2.3 Zero hunger** – Double agricultural productivity and incomes of small-scale food producers: Increased agricultural productivity by **training close to 100,000 women** in cooperative business skills and good agricultural practices



**5.5 Gender equality** – Ensure women's full and effective participation and equal opportunities for leadership:  
**Increased number of female leaders and extension officers**



Thank you

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