

# AAK Group Environmental Policy

At AAK, we believe that building sustainability and environmental responsibility into our everyday activities is fundamental for our purpose, Making Better Happen™, and our vision of being the first choice for plant-based oil solutions.

**We are dedicated to joining and complying with national and international commitments and initiatives targeting universal environmental principles such as the UN Global Compact and the Sustainable Development Goals and Science Based Targets Initiative.**

AAK's sustainability commitments for the sourcing of plant-based oils are fully aligned with our commitment to No Deforestation/ Conversion, No Development on Peat and No Exploitation of rights-holders (NDPE).

The purpose of the Group Environmental Policy is to manage our material impacts, financial risks and opportunities to the environment and to outline our overall environmental commitments. The policy describes our commitments related to climate change mitigation & adaptation, pollution, water, biodiversity & ecosystems and resource use. The policy applies to all AAK entities, employees, activities, products and services. Detailed requirements for AAK business partners are outlined in the AAK Group Policy and Code of Conduct for Responsible Sourcing of Plant-based Oils and various other AAK codes and policies. The Group Environmental Policy, and related policies, are available on the AAK website to inform all stakeholders.

## Governance

Environmental responsibility is integrated into our business, operations and activities. The Group acknowledges the responsibility that decisions and activities have impact on the environment. Our Group Environmental Policy is reviewed annually and approved by the Board of Directors. Governance starts at board level and cascades down to management, objectives, roles and responsibilities, including emission reduction targets and climate change-related measures. Timebound Sustainability Roadmaps have been created, and progress or updates are communicated publicly in our publications (e.g., Annual Sustainability Reports). Roadmaps are regularly updated to keep up with the regulations and progress of the company. AAK reviews, and adjusts where appropriate, the environmental ambition level annually, based on achievements, market expectations, stakeholder dialogue and long-term legal requirements.

### Legislation and compliance

AAK meets all applicable environmental laws, regulations and local requirements. Necessary and valid legal permits, registrations and compliance controls are held. AAK develops long-term plans related to the development of national and international legislation. Herein, tasks and responsibilities within the framework of the environmental management system are clarified.

### Innovation

Innovation projects include ambitions to respect, as far as possible, the so-called precautionary approach. This means that AAK strives to implement more environmentally friendly technologies, products, solutions, and packaging to address impacts over the full lifecycle of our solutions.

### Information

As a minimum, AAK is annually reporting its environmental achievements and objectives publicly. The reporting framework follows the UNGC Principles, The Global Reporting Initiative (GRI) and EU Directives' requirements. AAK has a responsibility to consult with stakeholders on material environmental issues. The scope of this policy has been informed by impact, risk and opportunity analysis for our entire value chain, in line with the Double Materiality Assessment requirements for the Corporate Sustainability Reporting Directive (CSRD), as AAK is a Swedish company registered under Swedish law. A stakeholder analysis is conducted every third year.

### Training

Targeted training is provided to all relevant employees to ensure knowledge about local legal permits and the AAK Group Environmental Policy in general.

### Incident prevention

AAK is working to prevent serious incidents and uncontrolled emissions with systematic risk analyses, preventive actions, emergency preparedness and long-term technical planning. Additionally, AAK is committed to consult with stakeholders on environmental issues. AAK provides targeted training to all relevant employees to avoid incidents and emergency situations, and if and when they occur, to control and limit their impact on people and the environment.

### Production plants and environmental management systems

Production plants establish environmental management systems and aim to have certification according to ISO 14001 standard or similar. Whenever there is a change of processes, plants or products, AAK uses the opportunity to evaluate the possibility of implementing environmental improvements. Prior to new acquisitions and partnerships, AAK is conducting an environmental assessment.

### Suppliers and partners

In the choice of suppliers, sub-contractors and transporters, we take environmental aspects into account and look for mutual improvements. We require minimum standards to be met, as outlined in the Group Supplier Code of Conduct, AAK Group Policy and Code of Conduct for Responsible Sourcing of Plant-based Oils and various other AAK codes and policies. AAK shall inform customers, suppliers and contractors about its environmental work and cooperate with them, with the ambition to find mutual improvements. AAK also engages with associations and NGOs as appropriate, to improve supply chain performance.

## AAK commitments

### Climate change mitigation and adaptation

AAK's core and supply chain operations contribute to Greenhouse Gas emissions' generation. AAK realizes the urgency of dealing with climate change and our role and responsibility as a company in climate change mitigation and adaptation.

AAK is committed to reducing our climate impact. This is reflected in our action plans for achieving the science-based target commitments. This commitment includes our entire value chain: our own production sites, upstream to our supply base and downstream with the sustainable plant-based solutions that we co-develop with our customers. As such, we recognize and work to implement practices based on climate change assessments to mitigate possible climate change-related impacts and explore climate change related financial risks and opportunities.

AAK is also committed to building climate resilience. As part of this work, AAK identifies and assesses climate-related risks for all production sites and for key raw materials, that form the basis for mitigation and climate adaptation strategies.

AAK works to minimize emissions to meet required reduction levels, in line with the Paris Agreement. As such, AAK has signed up and received approval of our binding targets under the Science Based Targets Initiative (SBTi) for Scope 1, Scope 2 and Scope 3 (supply chain) emissions and will work to reduce emissions in our own operations and the entire value chain.

#### AAK's approved Near-Term Targets

- AAK commits to reduce absolute Scope 1 and 2 GHG emissions 50% by 2030 from a 2019 base year<sup>1</sup>.
- AAK also commits to reduce absolute Scope 3 non-FLAG GHG emissions from purchased goods and services, and upstream transportation and distribution 46.2% within the same timeframe.
- AAK further commits that 10.3% of its suppliers by emission, covering purchased goods and services, transportation and distribution, will have science-based targets by 2027.

#### AAK's approved FLAG Targets

- AAK commits to reduce absolute Scope 3 FLAG GHG emissions by 33.3% by 2030 from a 2019 base year<sup>2</sup>
- AAK commits to no deforestation across its primary deforestation-linked commodities with a target date of 2025.

<sup>1</sup> The target boundary includes biogenic land-related emissions and removals from bioenergy feedstocks.

<sup>2</sup> Target includes FLAG emissions and removals

### Energy efficiency and renewable energy deployment

AAK's own operations do involve energy-intensive processes, and actors in AAK's value chain involve energy-intensive activities. AAK works to optimise the energy efficiency in our production sites by using the latest technology and through the continuous improvement of our specific process equipment, to reduce our energy usage year on year.

Furthermore, we also play a key part in enabling the transition away from fossil-based ingredients towards options that are sustainable, renewable, and biodegradable. AAK is co-developing solutions that enable our customers to reduce their emissions.

### Pollution

AAK is committed to minimise and prevent pollution of air, water and soil across our entire value chain. Emissions from AAK's production plants are continuously monitored, recorded and assessed for improvement options.

AAK strives to minimise the use of substances of concern, and substances of very high concern, in our own operations.

AAK works to prevent serious incidents and uncontrolled emissions by systematic risk analyses, preventive actions, emergency preparedness and long-term technical planning. Additionally, AAK consults with stakeholder on such issues.

AAK encourages our suppliers to commit to adopting best management practices to protect soil quality, including but not limited to preventing pollution and contamination of soil and pollution of living organisms and food resources.

### Water

AAK is committed to minimize any adverse effects of our operations related to the quality and quantity of surface water, wet-lands or groundwater resources. We continuously work towards reducing impacts related to water withdrawal, consumption, and discharge, both in our own operations and in our value chain.

**Water management:** AAK continuously works towards reducing water consumption in areas at water risk in our own operations. AAK has no operational sites in areas with high water stress, some of AAK operational sites are near areas with sensitivity. AAK has all required permits and controls in place. AAK works towards reducing the use of water by increasing the efficiency of water use. This is done through initiatives on water reduction and a focus on water reuse and recycling. In production processes, water is primarily used for cooling purposes, AAK's use of water for products and services is minimal.

**Water treatment:** All AAK sites have a system in place for water treatment themselves or are connected to local sewer systems. Water pollution is prevented by water treatment, separation of areas, bonded areas with dedicated sewer systems and separation from rainwater.

**Water discharge:** Wastewater is treated prior to discharge, either by municipality or an AAK treatment plant. AAK has no water discharge to oceans and monitors any water discharge to sea and any potential effects on ocean and marine resources, to manage potential material impacts. At some AAK sites sea water is used for cooling under strict control to prevent any potential pollution.

AAK suppliers are required to always comply with national and local legal provisions related to the use of water resources and ensure that operations do not contribute to the pollution of water. Detailed requirements for AAK suppliers are outlined in the AAK Group Policy and Code of Conduct for Responsible Sourcing of Plant-based Oils and various other AAK codes and policies.

### Biodiversity and ecosystems

AAK is committed to ensure that our business operates with respect for planetary boundaries related to biosphere integrity and land-system change. AAK is working to mitigate the social causes and effects of biodiversity loss, particularly in the context of deforestation.

Biodiversity-related impacts are increasingly important for our upstream value chain. There are negative or potentially negative impacts in our upstream value chain related to biodiversity loss, the state of species, the extent and condition of ecosystems and impacts and dependencies on ecosystem services. AAK is committed to supporting actions within and beyond our supply chain that contribute to protecting and/or restoring biodiversity. Requirements for suppliers regarding biodiversity and ecosystems can be found in our AAK Group Policy and Code of Conduct for Responsible Sourcing of Plant-based Oils and various other AAK codes and policies.

AAK proactively engages in monitoring, information sharing and engagement, to improve traceability of raw materials in the supply chain, and actively reduce the upstream biodiversity-related impacts. AAK has a publicly available grievance management procedure that may result in the suspension of a supplier, in case of breaches of AAK policies, including those related to AAK's biodiversity commitments.

### Deforestation and conversion of all natural ecosystems

AAK is committed to eliminating deforestation and conversion of other natural ecosystems from our supply chains. AAK also works towards protection of species and animal welfare, as they relate to natural ecosystems.

We are working towards verifying compliance with this commitment by:

- 2025 for palm and soy (priority commodity due to risk of non-compliance)
- 2030 for coconut, shea, sunflower and rapeseed

Where applicable, implementation of these commitments will use the methodologies defined by the High Conservation Value (HCV) Network and High Carbon Stock Approach (HCSA).<sup>3)</sup> Only High Conservation Value (HCV) assessors accredited by the HCV Resource Network's Assessor Licensing Scheme (ALS) shall be used within this context.

Specific requirements for suppliers regarding deforestation restoration can be found in our Grievance management Procedure.

The cut-off dates after which deforestation or conversion is non-compliant with this policy are 22nd July 2008 for soy from the Brazilian Amazon biome<sup>4)</sup>, 31st December 2015 for palm oil and related products, and for all other raw materials and regions a cut-off date aligned with the EU deforestation due diligence legislation.

### Land degradation, regenerative agriculture and resource use

AAK is committed to halting or preventing land degradation, desertification and promoting sustainable agricultural practices.

AAK is committed to supporting actions within and beyond our supply chain that contribute to the restoration or protection of forests, peatlands, wetlands and other natural ecosystems as well as to the adoption of regenerative agricultural practices that mitigate degradation of water and soil quality and promote their restoration.

Some of AAK's operational sites are adjacent to protected areas and areas of high biodiversity value outside protected areas. AAK is committed to mitigating potential impacts of our operations and continuously monitoring and mitigating impacts during operations, and to minimize pollution and greenhouse gas emissions to prevent any biodiversity loss.

### Resource use and circular economy

AAK is committed to ensure that our business operates with respect to planetary boundaries and ensure resources will be available for future generations.

<sup>3)</sup> [https://assets-global.website-files.com/624493bb51507d22cf218d50/628685903d12e717c7de80c2\\_NT\\_HCV\\_AssessmentManual\\_Final-WO-Public-summary-.pdf](https://assets-global.website-files.com/624493bb51507d22cf218d50/628685903d12e717c7de80c2_NT_HCV_AssessmentManual_Final-WO-Public-summary-.pdf)

<sup>4)</sup> This is the cutoff date used by Soy Moratorium that just covers Brazilian Amazon.

### Raw materials

In the raw material supply chain, AAK engages with suppliers by sharing best practice and setting standards as outlined in specific supply chain policies and codes. AAK's objective is to ensure sustainability in the production and the sourcing of raw materials. Our commitments and requirements for sourcing of raw materials are stated in the AAK Group Policy and Code of Conduct for Responsible Sourcing of Plant-based Oils.

### Resource efficiency

AAK is committed to optimize resource use and to minimize waste across the value chain. AAK strives to adapt to increasingly circular practices through innovation and sourcing practices.

AAK production plants strive to use resources such as energy, water, raw materials, etc. as efficiently as possible. Consumption is continuously monitored and options for improvements are regularly assessed.

### Waste

AAK reduces waste material and strives to better utilise waste for recycling and avoid waste going to landfill. Options for selling by-products from process side streams and sorted waste material are continuously evaluated. Plant-based raw materials and products are handled, stored and processed in a way that minimizes food waste. Hazardous materials are handled and stored safely.

In line with AAK's commitment to the sustainable sourcing of raw materials, specific requirements are outlined in the AAK Group Policy and Code of Conduct for Responsible Sourcing of Plant-based Oils.

### Reference documents

- [AAK Group Policy and Code of Conduct for Responsible Sourcing of Plant-based Oils](#)
- [AAK Group Code of Conduct](#)
- [AAK Group Supplier Code of Conduct](#)
- [AAK Group Code of Conduct for Agents and Distributors](#)
- [NEN-EN-ISO 14001 Standard](#)
- [European Sustainability Reporting Standards \(COMMISSION DELEGATED REGULATION \(EU\) 2023/2772 of 31 July 2023\)](#)

Johan Westman, President and CEO  
Malmö, May 8, 2024