

Sustainability from plant to brand

# PAI Report

June 2024

AAK is a Multi-oil Ingredient House and the leading expert in plant-based oils. Sustainability is at the heart of our purpose, Making Better Happen™. For AAK, sustainability is a journey, not a destination. We always strive to go further, constantly taking new steps to improve and deliver solutions that are more sustainable.

**AAK**



**Purpose**

The purpose of this report is to enhance transparency and support the investment community in assessing AAK from a sustainability perspective. In line with SFDR requirements, AAK reports on the PAIs – standardized metrics and refer to a specific list of indicators that allow investors to monitor the adverse impacts of their investments.

Reporting period: 1 Jan 2023 – 31 Dec 2023

# Climate and other environment-related indicators

**Greenhouse gas emissions**

*1. GHG emissions*

Scope 1 GHG emissions	260,834 tCO <sub>2</sub> e
Scope 2 GHG emissions	55,107 tCO <sub>2</sub> e
Scope 3 GHG emissions FLAG:	2,287,447 tCO <sub>2</sub> e
Non flag:	1,825,969 tCO <sub>2</sub> e
Total Scope 3 emissions	4,113,416 tCO <sub>2</sub> e
Total GHG emissions	4,429,357 tCO <sub>2</sub> e

*2. Carbon footprint*

N/A

*3. GHG intensity of investee companies*

N/A

*4. Exposure to companies active in the fossil fuel sector*

N/A

*5. Share of non-renewable energy*

*consumption and production* 73 percent non-renewable energy

*6. Energy consumption intensity per high impact climate sector*

N/A

*7. Activities negatively affecting biodiversity-sensitive areas*

*Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas.*

AAK meets all applicable environmental laws, regulations and local requirements. Necessary and valid legal permits, registrations and compliance controls are held.

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 m<sup>2</sup> operational site located in the freshwater ecosystem area protected by national legislation. Zhangjiagang in China is a 66,666 m<sup>2</sup> 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 m<sup>2</sup> 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.

**Water**

*8. Emissions to water*

AAK always complies 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 commitments and requirements for AAK suppliers are outlined in the AAK Group Environmental Policy and AAK Group Policy and Code of Conduct for Responsible Sourcing of Plant-based Oils and various other AAK codes and policies.

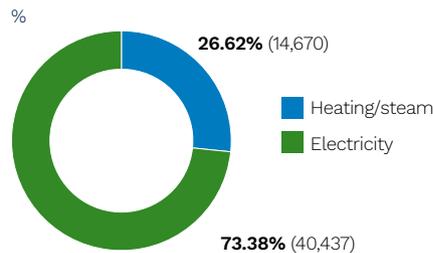
**Waste**

*9. Hazardous waste ratio*

556 tonnes, 2 percent of total waste

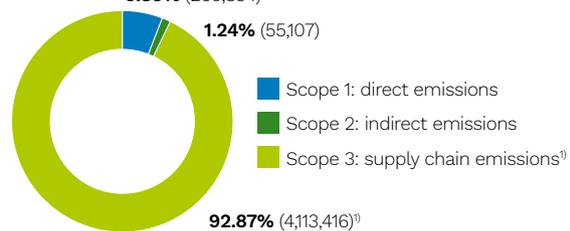
**Scope 2, GHG emissions**

55,107 tonnes CO<sub>2</sub>e



**GHG emissions breakdown**

(tCO<sub>2</sub>e)



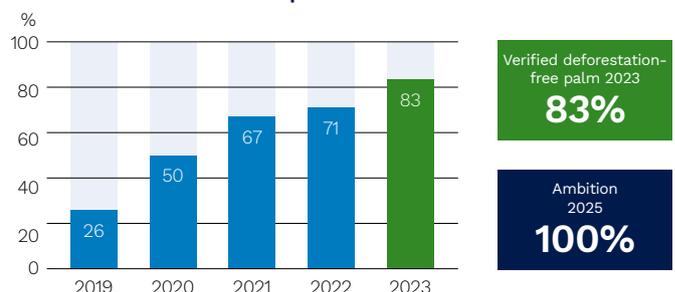
<sup>1)</sup> Only including the emissions within the scope of our SBTi targets

**Deforestation**

*15. Share of investments in companies without a policy to address deforestation*

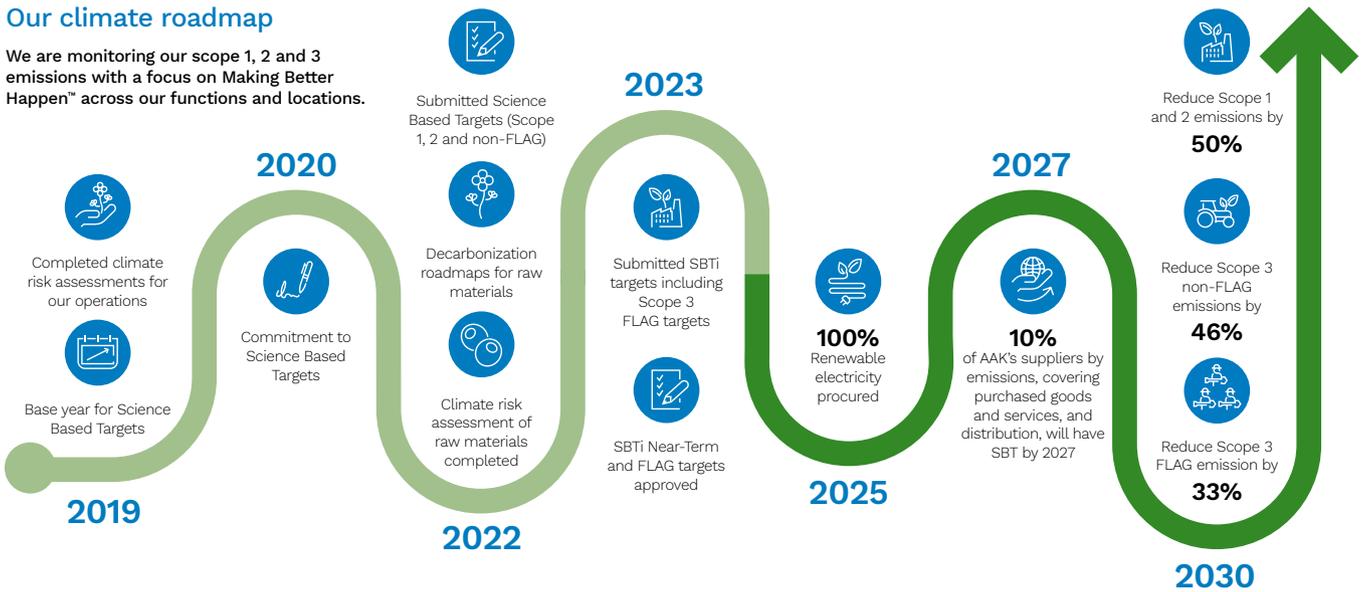
In AAK we have deforestation commitments in our Environmental Policy and in our AAK Group Policy and Code of Conduct for responsible sourcing of plant-based oils. AAK is committed to eliminating deforestation and conversion of other natural ecosystems from our supply chains. AAK also works towards protection of species and animal welfare, as they relate to natural ecosystems. We are working towards verifying compliance with this commitment by having 83 percent verified deforestation-free palm.

**Verified deforestation-free palm**



## 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.



# Social and employee, respect for human rights, anti-corruption and anti-bribery matters

## Social and employee matters

### 2. Rate of accidents in investee companies expressed as a weighted average

Lost time injury frequency rate: 0.46

### 10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises

AAK has a Code of Conduct for Suppliers where UNGC principles and OECD Guidelines are implemented.

In 2023, AAK registered three cases of child labor in our supply chains linked to logistics services<sup>1)</sup>.

### 11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises

During 2023, a total of 62 suppliers were audited through third party sustainability audits. The audits continued to focus on suppliers with heightened sustainability risks.

On top of this, AAK has a grievance mechanism in place, our whistleblower system.

### 12. Unadjusted gender pay gap

AAK annually performs follow-ups on our Remuneration policy in every country where we operate to make sure that salaries are equal.

### 13. Board gender diversity

50 percent female<sup>2)</sup>

### 14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)

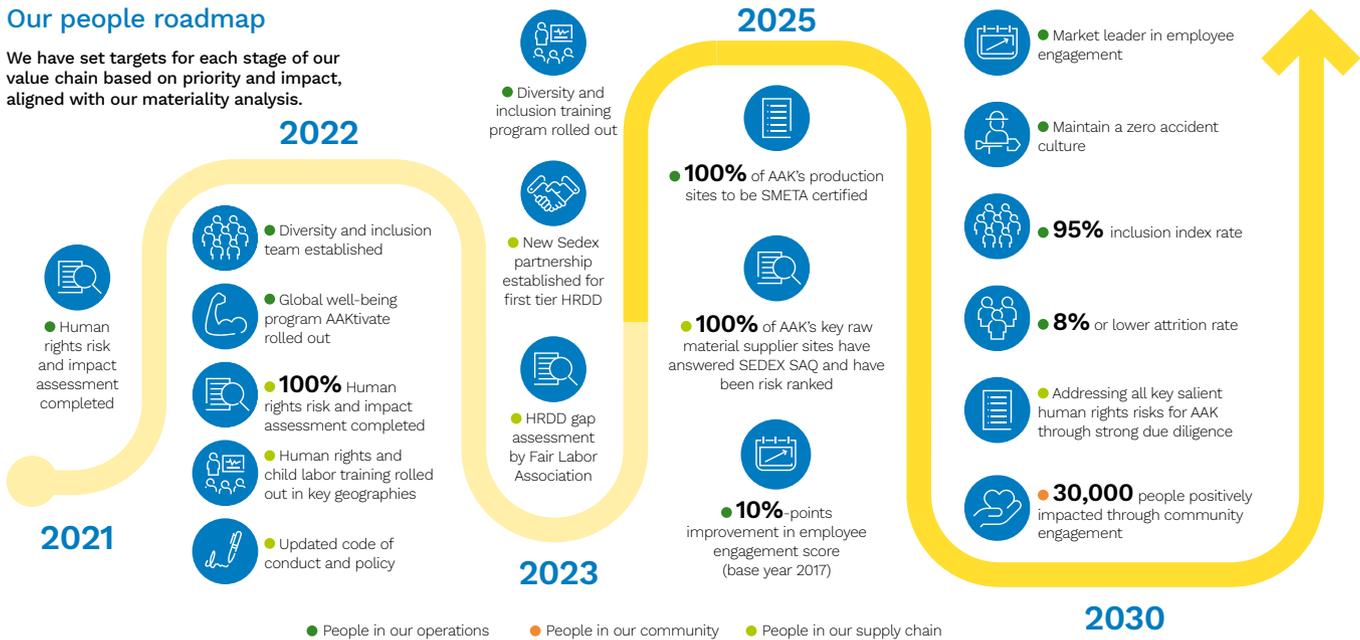
N/A



50% of the AAK board members are female

## Our people roadmap

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



If you are curious to know more about Making Better Happen™ from plant to brand, please visit our [AAK Sustainability Report 2023](#).

<sup>1)</sup> 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 devised 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. In cases where a supplier is not willing to improve their performance, the relationship is either suspended or terminated depending on the specific issue and progress on human rights action plan.

<sup>2)</sup> Board composition as of December 31st 2023. Please visit <https://www.aak.com/investors/corporate-governance/board/> for the current composition of the Board.