

The UN Sustainable Development Goals



Foreword

During 2020, the world entered the Decade of Action, which inspired us to further increase our focus on Agenda 2030 and our contributions to the UN Sustainable Development Goals (SDGs) and the Paris Agreement. The onset of the pandemic has impacted key challenges such as poverty, inequality, the climate crisis, and unsustainable production, which has urged a need for the Sustainable Development Goals to take an even more prominent position on the global agenda. This has also impacted AAK's approach and aim to maximize our positive impact going forward.

Our approach to sustainable development and the SDGs

Assessing our impact

AAK assesses activities and their impact related to the Sustainable Development Goals based on risk, opportunity and ability to influence (direct or indirect impact).

During 2020, we assessed how to increase positive impact and reduce negative impact to achieve a more balanced approach. Guided by our role in the value chain, the AAK materiality analysis, and new customer insights, we identified ten business-critical SDGs, demonstrated below, that are directly connected to the commitments and ambitions defined in the AAK House of Sustainability (see AAK Sustainability Report 2021, pages 82–83).



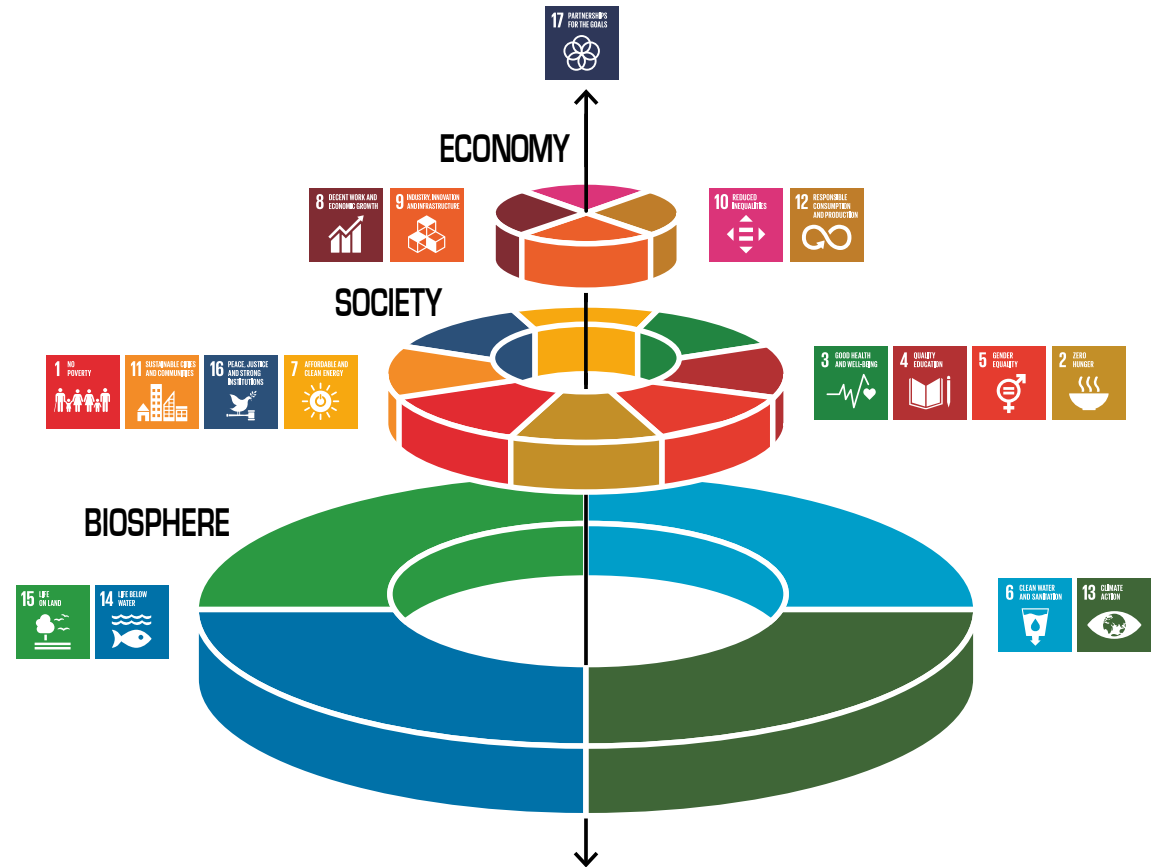
In 2021, we explored our impact by putting what we do in the context of the planetary boundaries, illustrated by the “SDG wedding cake”.

The wedding cake is stating that there are some non-negotiable Sustainable Development Goals, represented in the foundation of the cake, related to the biosphere. Our previously defined business-critical SDGs exist in all three layers. We recognize the significant impact we have on society and the biosphere. However, we also acknowledge the importance of and our responsibility to further strengthen our contributions towards the biosphere as a foundation for a sustainable food system and pathway for the future. The AAK climate journey outlines this pathway.

AAK’s climate journey

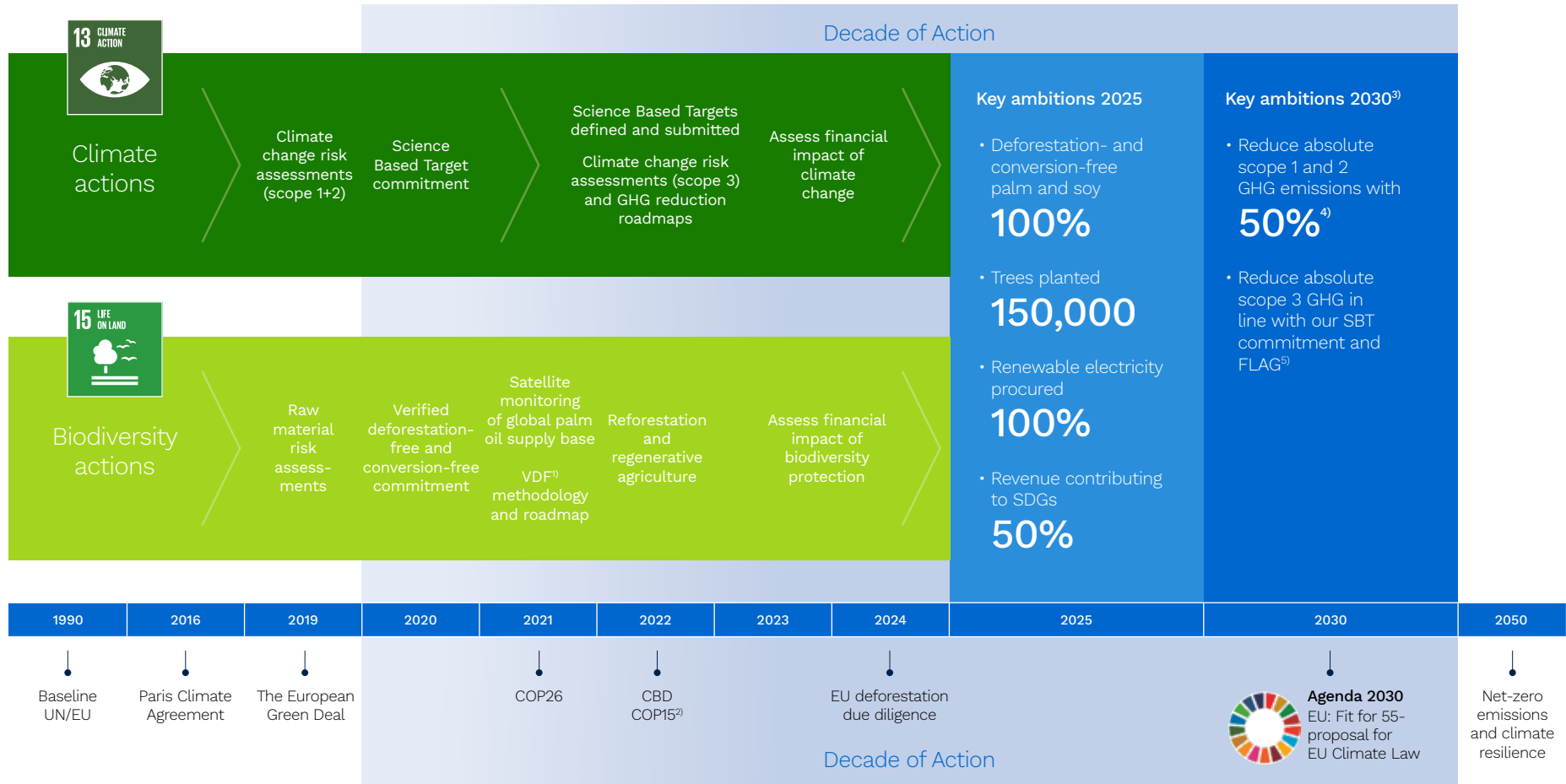
As a global company, our operations and activities impact the environment and touch upon the lives of people in many countries. Therefore, we naturally have a role to play in tackling global challenges and taking responsibility for respecting planetary boundaries. These considerations are deeply embedded in our journey and have shaped our strategy for dealing with the various challenges and opportunities of sustainability.

For more information on how we work with climate change and biodiversity, please see AAK Sustainability Report, pages 17–24, 30–31 and 40–45.



Source: The SDG 'wedding cake'. A new way of viewing the Sustainable Development Goals and how they are all linked to food. Azote Images for Stockholm Resilience Centre, Stockholm University.

AAK's climate journey



¹⁾ Verified deforestation-free (VDF)
²⁾ Convention on Biological Diversity (CBD)

³⁾ Pending SBTi submission.
⁴⁾ From a 2019 base year.
⁵⁾ Scope 3: Embedding FLAG (Forest, Land, and Agriculture Science Based Target Setting Guidance. Required as from September 2022).

Our contribution

Our commitments support the SDGs

We take a balanced approach to the SDGs, which enables us to clearly distinguish how we can increase our positive impact and in what areas we can reduce our negative impact. Our contributions to global challenges are embedded in our commitments and ambitions.

Through Better Sourcing, we engage to transform and we work diligently to identify and mitigate risks and exert a positive influence in the way we source all raw materials. We regularly engage with our suppliers to ensure progress, protecting biodiversity and ecosystems and reducing our environmental impact, while safeguarding human rights and improving people's livelihoods.

In our operations, we are committed to enabling the well-being of our people, minimizing our environmental impact and being a better neighbor. Our contributions focus on creating a safe and inclusive working environment that is more resource- and climate efficient, and that supports the community.

AAK is committed to enhancing sustainable development through our solutions, and in doing so increase our contribution to the Sustainable Development Goals. Our Better Solutions reflects AAK's aim to help customers improve the sustainability credentials of their brands, and to support them in driving consumer demand for product solutions that are better for people and the planet. Our contribution focuses on establishing a stronger pipeline for sustainable solutions, enhancing activities that drive the demand for sustainable solutions and incorporate sustainable development in the way we measure our performance.

We measure our progress through the revenue from our solutions contributing to the SDGs.

To be more specific, these are solutions connected to Kolo Nafaso, RSPO-certified palm, infant formula, animal feed derived from sidestreams, candles and our solutions for plant-based foods.

Furthermore, co-developing, enabling a stronger pipeline, and driving demand for our sustainable plant-based solutions are contributing to promoting climate awareness and no deforestation. One example is our deforestation-free claim with our ILLEXAO™ SC 70 solution (see AAK Sustainability Report 2021, page 58).

The table on the next page outlines the connection between our commitments and the SDGs.



AAK's business-critical Sustainable Development Goals

The business-critical SDGs demonstrated below are directly connected to the commitments defined in the AAK House of Sustainability.

Commitments supporting an increased positive impact

Better Sourcing

Empowering smallholders and women to improve livelihoods



Embedding the respect for human rights



Better Operations

Enabling the well-being of our people



Being a better neighbor



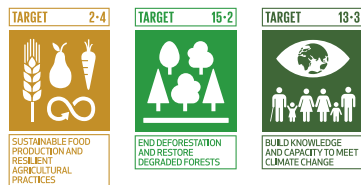
Better Solutions

Enhancing sustainable development with our solutions



Commitments supporting a reduced negative impact

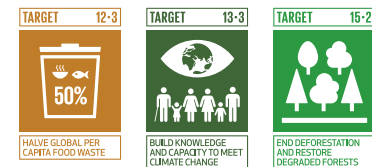
Protecting biodiversity and ecosystems, reducing environmental impact



Minimizing our environmental impact



Enhancing sustainable development with our solutions



Opportunities and partnerships

Partnerships are key to achieving scalable contributions and inclusive and long-term commitments to global goals. For over a decade, AAK has been partnering with customers, non-profit organizations and local communities in projects enabling sustainable and traceable value chains.




- In June 2021, AAK entered a ten-year sustainable shea partnership, called Women in Shea (WISH), together with Mars, USAID, CARE International, the Livelihoods Fund for Family Farming (L3F), and Presbyterian Agricultural Services (PAS).
- In September 2021, AAK initiated a partnership with Musim Mas and Nestlé to establish a five-year program to address deforestation outside of palm oil concession areas in Aceh, Indonesia.
- In October 2021, AAK agreed on a five-year partnership with CNSF – the National Forest Seed Center of Burkina Faso (please read more on aak.com/news-and-media).
- In addition, we have continued with the following established partnerships:
 - Global Shea Alliance
 - Sustainable Coconut Charter
 - Solidaridad
 - Forever Sabah
 - Saha Global



In line with our commitment to be a better neighbor, AAK employees actively engage with their local communities, establishing relevant partnerships. Our employees are encouraged to prioritize community projects that contribute to AAK's business-critical Sustainable Development Goals (see AAK Sustainability Report 2021, page 47).

Going forward, we will continue to expand current and seek new partnerships to scale our positive impact and unleash new opportunities for everyone to work towards shared goals.




Our progress 2021

UN SDG	UN SDG sub-targets	AAK's impact	Increasing positive impact	Direct/ Indirect impact	Reducing negative impact	Direct/ Indirect impact	Business-critical SDG	Progress and supporting key performance indicators
Goal 1. End poverty in all its forms everywhere								
	Target 1.2: By 2030, reduce at least by half the proportion of men, women and children of all ages living in poverty in all its dimensions according to national definitions.	A significant share of the raw materials sourced by AAK is produced by smallholder farmers. We are, for example, providing pre-financing to shea-collecting women in West Africa through our Kolo Nafaso program.	Further increase smallholder inclusion in our supply chains, improved smallholder support, partly in the form of training and/or certification with focus on our palm, coconut and shea supply chains. Scaling up Kolo Nafaso has a direct influence on reducing extreme poverty.	Direct			Yes	AAK has 353,000 women enrolled in its Kolo Nafaso supply chain and 4,250 smallholder farmers engaged in its palm and coconut supply chains. The number of women in our Kolo Nafaso supply chain has increased by 2 percent since 2020. During 2021, we further improved and scaled up our work to include and empower smallholder farmers in our supply bases. We have launched new partnerships with, for example, Mars, the Livelihoods Fund, Nestlé, Musim Mas, and CNSF. In 2021, we conducted a study indicating that Kolo Nafaso members earn significantly more from their shea activities compared to non-members.
	Target 1.4: By 2030, ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services, including microfinance.	Access to financial services through our Kolo Nafaso program. We are including smallholders in our palm supply chain and support smallholder programs aimed at training and/or achieving RSPO certification.	Continue to support the Forever Sabah program in securing land titles for smallholder farmers in Sabah, Borneo in order to enable access to community services (water) and to work towards becoming RSPO-certified.	Direct/ Indirect	AAK furthermore continues to work with the NDPE framework.		No	800 farmers involved in the Forever Sabah program. 2,300 farmers involved in Latin America. 1,000 farmers involved in the Nestlé/Musim Mas partnership. AAK's new ambition is to equip a minimum of 95 percent of Kolo Nafaso women's groups with an individual financial solution before the end of the shea season 2024/2025. For the shea season 2020/2021, AAK had achieved 89 percent by the end of 2020. In 2021, traceable Kolo Nafaso volumes are included in our percentage of revenue connected to the Sustainable Development Goals.
Goal 2. Zero hunger								
	Target 2.1: By 2030, end hunger and ensure access by all people, in particular the poor and people in vulnerable situations, including infants, to safe, nutritious and sufficient food all year round.	AAK offers interest-free micro credits to all members of its Kolo Nafaso program.	AAK will continue to increase the number of members having access to pre-financing in its Kolo Nafaso program.	Direct			No	353,000 members of the Kolo Nafaso program have access to micro credits. This is an increase of 2 percent since 2020. 19 percent of households who take pre-financing use it to buy food products during the lean period.


UN SDG	UN SDG sub-targets	AAK's impact	Increasing positive impact	Direct/ Indirect impact	Reducing negative impact	Direct/ Indirect impact	Business-critical SDG	Progress and supporting key performance indicators	
 <p>TARGET 2-3 DOUBLE THE PRODUCTIVITY AND INCOMES OF SMALL-SCALE FOOD PRODUCERS</p>	<p>Target 2.3: By 2030, double the agricultural productivity and incomes of small-scale food producers, in particular women, indigenous peoples, family farmers, pastoralists and fishers, including through secure and equal access to land, other productive resources and inputs, knowledge, financial services, markets and opportunities for value addition and non-farm employment.</p>	<p>AAK is supporting small-holder education in good agricultural practices through its Kolo Nafaso program.</p>	<p>AAK will continue to educate smallholders in West Africa, Indonesia and Mexico in good agricultural practices. We will continue to support smallholder farmers to achieve RSPO or Rainforest Alliance certification.</p> <p>AAK and Nestlé are initially providing funding for the first two years of a newly established partnership with Musim Mas, where smallholders will be enrolled into Musim Mas' smallholder program. In a "train the trainer" approach, government extension officers will also be trained in good agricultural practices and NDPE (No Deforestation, No Peat, and No Exploitation) for the purpose of training oil palm smallholders.</p>	Direct			No	<p>The Kolo Nafaso program grew by 2 percent in 2021 compared to 2020. 38 percent of households receiving pre-financing are using it to invest in agricultural activities. 100 percent of the coconut smallholders that are part of our Rainforest Alliance supply chain have been trained in good agricultural practices. In 2021, AAK increased the number of Rainforest Alliance-certified smallholders engaged by 85 percent, to 150 farmers</p> <p>For the Mexican smallholder project, field schools have been established and standard operating procedures developed.</p> <p>1,000 farmers will be trained in good agricultural practices and NDPE in Aceh, Indonesia as part of the Nestlé/Musim Mas partnership program.</p>	
 <p>TARGET 2-4 SUSTAINABLE FOOD PRODUCTION AND RESILIENT AGRICULTURAL PRACTICES</p>	<p>Target 2.4: By 2030, ensure sustainable food production systems and implement resilient agricultural practices that increase productivity and production, that help maintain ecosystems, that strengthen capacity for adaptation to climate change, extreme weather, drought, flooding and other disasters and that progressively improve land and soil quality.</p>	<p>AAK is connected to both small-scale speciality raw material production systems as well as large-scale agricultural commodity production systems.</p>	<p>AAK will continue working together with its suppliers and partners to ensure the protection of ecosystems and biodiversity.</p>		<p>We will continue to engage with our palm and soy supply chains in order to achieve our 2025 commitments.</p>		Indirect	Yes	<p>AAK has committed to 100 percent verified deforestation-free (VDF) palm and soy supply chains by the end of 2025.</p> <p>In 2021, we achieved 67 percent VDF for palm and 30 percent VDF for soy.</p> <p>In 2021, AAK entered into a new partnership with Nestlé and Musim Mas to tackle smallholder-driven deforestation in a high-risk region in the palm oil supply chain.</p>

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Goal 3. Ensure healthy lives and promote well-being for all at all ages



 <p>TARGET 3-2 END ALL PREVENTABLE DEATHS UNDER 5 YEARS OF AGE</p>	<p>Target 3.2: End preventable deaths of new-borns and children under 5 years of age.</p>	<p>AAK's advanced and bioactive lipid solutions are a component of infant formula, with direct effect on reducing infant mortality in absence of access to mother's milk. The phospholipids in the formula protect under-developed intestines and safeguard the development of the brain and the nervous system, as well as offer additional support as an energy source.</p>	<p>AAK's Health & Nutrition platform supports product development targeting solutions based on nutritional fats and oils.</p>	<p>Direct</p>			<p>Yes</p>	<p>The revenue connected to our infant formula is included in our ambition, percent of revenue connected to the Sustainable Development Goals.</p> <p>In 2021, we signed a strategic partnership with Progress Biotech for algae-based DHA oil, an omega-3 fatty acid. This is an important addition to our product portfolio.</p> <p>Early Life Nutrition is part of our Special Nutrition business segment and supports product development targeting nutritional fats and oils for infants.</p>
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Goal 5. Achieve gender equality and empower all women and girls



 <p>TARGET 5-5 ENSURE FULL PARTICIPATION IN LEADERSHIP AND DECISION-MAKING</p>	<p>Target 5.5: Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision making in political, economic and public life.</p>	<p>AAK is increasing the number of female leaders in traditionally male-dominated contexts, such as West Africa. We offer leadership training to female supervisors in our Kolo Nafaso program.</p> <p>AAK aims to ensure equal remuneration for men and women for work of equal value.</p>	<p>AAK is committed to ensure a stable and long-term business relationship with its Kolo Nafaso members, and to educate and empower them to become even stronger business women.</p> <p>AAK is committed to attracting, developing, and retaining an inclusive and diverse workforce. We believe that inclusion and diversity drive innovation.</p>	<p>Direct</p>	<p>Every two years, AAK is conducting a women survey related to the Kolo Nafaso program. This is done to track progress and potential complaints at women level to ensure positive impact is achieved.</p>	<p>Direct</p>	<p>Yes</p>	<p>23 percent of AAK's employees are female and 30 percent on managerial level. 50 percent of our Board of Directors are female. The number of female managers in West Africa is 34 percent. The number of women in our Kolo Nafaso supply chain has further increased by 2 percent since 2020.</p> <p>During 2021, a Diversity & Inclusion pilot training was conducted for leaders and will be rolled out to all during 2022.</p> <p>In collaboration with an NGO, AAK's employees in Khopoli, India, organized a community engagement program, enabling women to start their own business in the areas of fashion and cloth technology, beauty, culture, and hair dressing. This will enable them to become self-reliant. An estimated 500 women are expected to be beneficiaries of the project.</p>
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Goal 6. Ensure access to water and sanitation for all								
	Target 6.1: By 2030, achieve universal and equitable access to safe and affordable drinking water for all.	AAK partners with and supports organizations that ensure access to safe and affordable drinking water in rural communities in Ghana. We supported the Emergency Water Fund in 2020.	AAK will further support its partner Saha Global and fund new water businesses in Kolo Nafaso communities in 2021. Progress will be tracked in our Kolo Nafaso dashboard.	Indirect			No	<p>In the season 2020/2021, we supported the Emergency Water Fund to provide free drinking water to communities in Ghana.</p> <p>AAK has the ambition to reach 6,500 people by the end of season 2024/2025. By the end of 2021, three water treatment units had been funded, reaching 934 people.</p> <p>Together with Saha Global, our partner on clean water solutions, AAK has opened the first three water treatment units in a Kolo Nafaso communities in Ghana.</p> <p>In 2021, AAK's employees in Khopoli, India established a community engagement project to install two 1,000 ltr/ hour capacity reverse osmosis plant. An estimated 3,500 people are expected to be beneficiaries of the project.</p>
	Target 6.3: Improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally.	AAK's processing lead to water discharge that needs to go through a water sanitation process.	Increase the knowledge and engagement at our sites to work more preventatively with water consumption.	Direct	Water discharge is mitigated and controlled and should continuously be reduced.	Direct	No	AAK mitigates water discharge annually. In 2021, the water discharge decreased by 5 percent .
	Target 6.4: By 2030, substantially increase water use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity.	AAK withdraws water for cooling purposes that is returned to its source. AAK also withdraws municipal water and groundwater for use in products, such as margarine.		Direct	To ensure sustainable water withdrawals, AAK continuously checks if any volumes are withdrawn from areas with water stress and try to reduce municipal water use.	Direct	No	AAK reduced its water consumption by per unit processed material by 20.9 percent compared to 2020. The total freshwater consumption was reduced by 3 percent . In 2021, AAK committed to reduce annual freshwater consumption by 5 percent. During 2021, no water withdrawals reported was withdrawn from areas with water stress.

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Goal 7. Ensure access to affordable, reliable, sustainable and modern energy								
	 TARGET 7-1	Target 7.1: By 2030, ensure universal access to affordable, reliable and modern energy services.	AAK can have an impact on access to better cooking solutions in our shea supply chain.	Since the shea season 2016/2017, AAK is collaborating with customers to train women in construction techniques to build improved cook stoves with locally available materials in West Africa.	Direct		No	The cook stoves have been assessed to be 33–65 percent more energy efficient than the traditional alternative. AAK and its customers have so far constructed more than 17,000 cook stoves. AAK's employees volunteered their time and skills to support a community project to install solar-based streetlights in Khopoli, India. An estimated 3,500 people are expected to be beneficiaries of the project.
	 TARGET 7-2	Target 7.2: By 2030, increase substantially the share of renewable energy in the global energy mix.	AAK has an impact on share of renewable energy based on its procurement of green electricity. Our impact is driven by a possibility to ensure a circular approach, long-term availability of sustainable biomass, and local infrastructure development.	AAK will continue to explore sustainable ways of utilizing sustainable biomass in its production.	Direct	Our ambition is to have 100 percent renewable electricity by 2025 and to keep searching for better energy sources for our boilers in line with ongoing infrastructure development, availability of sustainable biomass, and more circular solutions.	Direct	Yes 31 percent of the direct energy use in AAK stems from biomass. This is an increase by 38 percent compared to 2020. 64 percent of AAK's purchased electricity is renewable. This is an increase by 50 percent compared to 2020.
	 TARGET 7-3	Target 7.3: Improvement in energy efficiency.	AAK's activities are energy intensive. An improvement in energy efficiency has a significant impact on AAK's environmental footprint.	Energy efficiency initiatives at different stages of the Kolo Nafaso supply chain. AAK shall continue to benchmark, exchange best practices, and utilize best available technology to continuously improve energy efficiency.	Indirect	The energy efficiency in our operations is measured on a regular basis to ensure continuous improvement. Continue to focus on developing solutions with energy-saving benefits in the user phase.	Direct	Yes Energy consumption per processed unit increased by 9 percent compared to 2020.

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Goal 8. Promote inclusive and sustainable economic growth, employment and decent work for all								
	Target 8.4: Improve progressively, through 2030, global resource efficiency in consumption and production and endeavor to decouple economic growth from environmental degradation, in accordance with the 10-year framework of programs on sustainable consumption and production, with developed countries taking the lead.	AAK should grow responsibly in terms of expanding volumes, supply chains and production sites.	<p>AAK will continue to increase the demand for sustainable palm, especially in developing regions like India and China.</p> <p>The AAK Group Environmental Policy requires environmental assessments before acquisitions or partnerships.</p> <p>Our ability to get new sites on board with the AAK sustainability standards is key to how we are decoupling economic growth from negative environmental impact.</p> <p>AAK has onboarded several new sites during the years, still managing to maintain a positive trend in terms of environmental impact.</p>	Indirect	<p>AAK Group Policy Responsible Sourcing of Vegetable Oils and AAK Group Policy Sustainable Palm Oil require no deforestation or development of peatland and High Conservation Value areas.</p> <p>Continue to drive progress on verified deforestation-free and conversion-free volumes in palm and soy supply chains.</p>	Indirect	No	In 2021, AAK achieved 67 percent of VDF palm and 30 percent of VDF soy. Our ambition is 100 percent VDF palm and soy supply chains by 2025.
	Target 8.5: By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.	AAK has a responsibility to ensure a full and productive employment and decent work for all women and men.	<p>AAK utilizes market pay data to evaluate pay levels in each country, but will assess the possibility to set up a global gender pay ratio in a new global HR system.</p> <p>Continuously improve the competences and engagement of our people.</p> <p>AAK's Code of Conduct has been updated and states that hiring, remuneration, etc. are based on objective factors.</p>	Direct	AAK conducts risk assessments to ensure safety in the workplace.	Direct	No	<p>1 case of discrimination was reported during 2021. Corrective actions were taken to prevent incidents from happening again.</p> <p>AAK deploys an on-the-job-learning approach that represents a majority of the training. On top of that, we had 15.1 hours of formal training on average per employee during 2021.</p> <p>All of AAK's employees have received regular performance development reviews.</p>

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	Target 8.6: Reduce the share of youth (15–24) not in education, training or employment.	AAK is working internally with internships and trainees and to build prerequisites to support youth employment in different community engagement projects.	AAK has the ability to employ and embrace youth in work or trainee programs. We also accept shorter trainee programs or internships when requested. We will continue with our community engagement programs, aiming at providing skills and better prerequisites for employment.	Direct			No	During 2021, there were 18 apprenticeships in AAK. AAK employees organized community engagement projects in Brazil and Uruguay to enhance the prerequisites for young individuals' ability to enter the job market.
	Target 8.8: Protect labor rights and ensure stable working environments.	AAK has impact and is committed to protect labor rights and ensure stable working environments throughout its operations. AAK's rules regarding workers' rights and working environment is part of its Group Code of Conduct.	Workers' rights and working environment are covered in AAK's Group Code of Conduct and AAK's Code of Conduct for Suppliers of Raw Materials.	Direct	AAK will maintain a strong focus on work environmental risk to prevent incidents and ensure a safe working environment.		Yes	23 LTIs during 2021. Accident frequency of 0.4 . During 2021, 94 percent of our employees had signed the Group Code of Conduct. During 2021, 44 percent of our employees were covered by collective bargaining agreements. In 2021, 95 percent of our agents and distributors signed our Code of Conduct for Agents and Distributors. During 2021, 100 percent of AAK sites were human rights risk-assessed, salient issues identified, and plans initiated. The Code of Conduct e-learning training was initiated for AAK's employees. AAK has an ambition to embed human rights due diligence across all sites by 2025. During 2021, 100 percent of AAK's supply chains (including countries of origin) were human rights risk assessed, and a palm oil human rights implementation plan was developed. 96 percent of our palm, 100 percent coconut and shea oil suppliers have signed the Code of Conduct for Suppliers of Raw Materials. Training material on our Code of Conduct for Suppliers of Raw Materials was planned for during 2021. Within coconut and soy, supplier webinars and supplier score card engagement session were held. Within shea, we are working with supplier self-assessments as well as supplier training sessions, reaching 84 and 85 percent of suppliers, respectively.

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	Target 8.10: Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all.	AAK has identified an opportunity to further strengthen its positive impact in the shea supply chain based on impact assessment.	One Kolo Nafaso ambition is to provide a minimum of 95 percent of women's groups with an individual financial solution by the end of season 2024/2025.	Direct			No	We are committed to further improve the access to financial services for our members in the Kolo Nafaso program. During the season 2020/2021, we achieved 89 percent of support to Kolo Nafaso members with individual financial solutions.
Goal 9. Build resilient infrastructure, promote sustainable industrialization and foster innovation								
	Target 9.1: Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all.	AAK has identified an opportunity to contribute to better infrastructures by providing logistics services in its shea supply chain.	Our Kolo Nafaso program is providing logistics services for all women. Even women that are not part of Kolo Nafaso can sell to AAK and use the logistics services. With the AAK logistics services, women can easily sell more kernels and do not have to pay for transportation.	Direct			No	Since 2009, we have given more than 350,000 women access to logistics services and increased the area covered in accordance with our Kolo Nafaso communities. The WISH partnership launched a pilot to alleviate some of the challenges associated with women transporting heavy shea loads to their homes.

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Goal 12. Ensure sustainable consumption and production patterns								
	Target 12.2: By 2030, achieve the sustainable management and efficient use of natural resources.	AAK is part of the raw material and food processing industry, using agricultural products and relying on natural resources.	We continuously try to raise awareness about sustainable management and natural resources, both internally and externally together with customers.	Direct	Our current priority is to drive progress on verified deforestation-free palm and soy supply chains. Internally, our focus is on circular solutions and recycling to further improve resource management.	Direct	No	During 2021, AAK continued to educate customers, especially within Personal Care and Plant-based Foods, on the environmental footprint of the company's rapeseed and shea products. During 2021, AAK's sites have reduced waste intensity per processed unit by 18.6 percent . Waste going to landfill increased by 9.4 percent compared to 2020. The amount of recycled waste decreased by 1.4 percent compared to 2020. Going forward, we shall focus more on circular solutions and recycling to further improve resource management.
	Target 12.3: By 2030, halve per capita global food waste at the retail and consumer levels and reduce food losses along production and supply chains, including post-harvest losses.	AAK has an impact on how to reduce food losses by utilizing its valuable sidestreams to produce healthy and nutritious solutions.	We are making animal feed solutions from our food oil production sidestreams in Karlshamn, Sweden.	Direct			Yes	The revenue connected to our animal feed that originates from AAK sidestreams is included in our ambition, as revenue connected to the Sustainable Development Goals.
	Target 12.5: Reduce waste.	As part of the processing industry, we are creating waste from our processes, including sidestreams.	Continuous work is ongoing to increase utilization of sidestreams and prolonged shelf life of solutions.	Direct	Continuous work to prevent waste, increase recycling, and investigate the value of our sidestreams with a more circular approach.	Direct	Yes	Waste going to landfill increased by 9.4 percent compared to 2020. The amount of recycled waste decreased by 1.4 percent compared to 2020.
	Target 12.6: Integrate sustainability in reporting cycle.	We have an impact on how we communicate progress and drive sustainability internally in a transparent manner towards our stakeholders.	Published sustainability reports annually since 2009 and palm oil and shea progress reports twice a year since 2014.	Direct			No	During 2021, AAK continued to improve the sustainability reporting in line with GRI Core level, and embedded further information on climate risk into our Annual Report.
	Target 12.8: By 2030, ensure that people everywhere have the relevant information and awareness for sustainable development and lifestyles in harmony with nature.	Human behavior and post-harvest processes have been identified as hot spots of environmental footprint in the shea supply chain where AAK can have a positive impact.	Our trainings include: steaming of kernels instead of boiling them; increasing resource efficiency and reducing energy use; sensitivity training to take care of new seedlings; and not cutting down shea trees.	Direct			No	We have an ambition to refresh our trainings for a minimum of 95 percent of women's groups every four years. The season 2020/2021 is our baseline season. So far, we have provided refresher trainings to 41 percent of groups since 2020 (23 additional percentage points in 2021). In 2021, the Women in Shea partnership (WISH) received training on shea kernel processing and supporting construction of improved cook stoves.

UN SDG	UN SDG sub-targets	AAK's impact	Increasing positive impact	Direct/Indirect impact	Reducing negative impact	Direct/Indirect impact	Business-critical SDG	Progress and supporting key performance indicators
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Goal 13. Take urgent action to combat climate change and its impacts



Target 13.3: Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction, and early warning.

AAK's activities related to raw materials, transport and production are connected to a significant amount of greenhouse gas emissions.

AAK is adapting to climate change, growing our portfolio of better solutions (see Sustainability Report 2021, pages 54–61).

Indirect

Working with science-based targets for scope 1, 2 and 3 will continuously reduce greenhouse gas emissions connected to AAK's activities in line with the reduction levels needed according to the Paris Agreement.

Raising internal awareness about climate change.

Prevention of agriculture-driven deforestation is focused on education of smallholders and scaled up in collaboration with our valued partners.

AAK is adapting to climate change with better solutions, replacing fossil-based ingredients and materials with more sustainable and renewable alternatives.

Direct (scope 1+2) and Indirect (scope 3)

Yes



The revenue connected to our plant-based solutions is included in our ambition, percent of revenue connected to the Sustainable Development Goals. During 2021, AAK again saw an increasing demand for plant-based alternatives. During 2021, we partnered with Big Idea Ventures to accelerate the development of ingredient solutions for alternative meat and dairy products.

In 2021, AAK progressed on the commitment to set a science-based target with an ambition to achieve 50 percent greenhouse gas (GHG) reduction in scope 1 and 2 by 2030 from a 2019 base year. Our GHG were reduced in scope 1 and 2 by **5 percent** compared to 2020.

During 2021, we also deployed the site-specific scoring system, enforced financial roadmaps made for scope 1 and scope 2 greenhouse gas emissions, and strongly focused on engaging with our suppliers to collect scope 3 emissions, building the foundation to meet the science-based targets.

In 2021, AAK entered into a new partnership with Nestlé and Musim Mas to tackle smallholder-driven deforestation in a high-risk region in the palm oil supply chain.

UN SDG	UN SDG sub-targets	AAK's impact	Increasing positive impact	Direct/ Indirect impact	Reducing negative impact	Direct/ Indirect impact	Business-critical SDG	Progress and supporting key performance indicators
Goal 15. Sustainably manage forests, combat desertification, halt and reverse land degradation, halt biodiversity loss								
	Target 15.2: By 2020, promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests and substantially increase afforestation and reforestation globally.	AAK's impact is to ensure that our raw materials are not contributing to deforestation or conversion, and that biodiversity and tropical ecosystems are protected.	AAK will continue to work on increasing the awareness and the demand for sustainable palm, especially in developing countries, with focus on RSPO-certified volumes, as well as progressing on our verified deforestation-free supply chains commitment. AAK signed the Sustainable Coconut Charter in 2020. Part of the Charter is a commitment to mitigate climate change through sustainable land use on plantation level.	Indirect	AAK Group Policy Responsible Sourcing of Vegetable Oils, and AAK Group Policy Sustainable Palm Oil require no deforestation or development of peatland and High Conservation Value areas.	Indirect	Yes	In 2021, AAK achieved 67 percent of VDF palm and 30 percent of VDF soy. Our ambition is 100 percent VDF palm and soy supply chains by 2025. Illexao SC 70 is an example of a solution launched in 2021 with an assured deforestation-free cocoa butter equivalent. 96 percent of our suppliers have signed the AAK Group Policy Sustainable Palm Oil and all relevant employees have passed our e-learning modules AAK Palm oil policy and action, and Responsible sourcing of shea. AAK achieved 100 percent traceability to mill and 81 percent traceability to plantation. RSPO-certified palm increased to 39 percent , representing an increase by 23 percent since 2019. In 2021, there was a 1 percent increase in the demand for RSPO-certified volumes, with the ambition to reach 2 percent by 2022. To increase the demand for certified sustainable palm, we include sales of RSPO-certified in our ambition of percent of revenue connected to the SDGs.
	Target 15.3: By 2030, combat desertification, restore degraded land and soil, including land affected by desertification, drought and floods, and strive to achieve a land degradation-neutral world.	AAK's impact is to prevent the negative impact of agricultural expansion, to ensure further degradation of soil is prevented, and that desertification is combatted. Through education and training of farmers and participating in landscape programs, we can make a positive impact.	Through our tree-planting partnerships, we are contributing to the reforestation of shea parklands and agroforestry system and help fight desertification in the area.	Direct			No	Reforestation: 89,500 shea and coconut trees planted (accumulative from 2019 onwards), which represents 60 percent of the target. In collaboration with Cormacarena, Colombia, AAK donated 7,361 seedlings to be planted in deforested areas within the region during 2021.

UN SDG	UN SDG sub-targets	AAK's impact	Increasing positive impact	Direct/ Indirect impact	Reducing negative impact	Direct/ Indirect impact	Business-critical SDG	Progress and supporting key performance indicators
Goal 16. Promote just, peaceful and inclusive societies								
	Target 16.5: Substantially reduce corruption and bribery in all their forms.	AAK can impact employees, suppliers and business partners not to take part in any form of corruption by applying the regulations defined in our Group Code of Conduct. We can also evaluate compliance and stop cooperation if any risk or incident takes place.	Corruption and bribery are handled in our Group Code of Conduct and our Code of Conduct for Suppliers of Raw Materials. AAK provides mandatory e-learning courses for all employees at increased risk of encountering corruption.	Direct			No	60 percent of relevant employees passed the anti-corruption training in AAK during 2021. 95 percent of our agents and distributors have signed the AAK Code of Conduct for Agents and Distributors, and all key suppliers have signed the Code of Conduct for Suppliers of Raw Materials with specific requirements on anti-corruption.
Goal 17. Revitalize the global partnership for sustainable development								
	Target 17.16: Enhance the global partnership for sustainable development, complemented by multi-stakeholder partnerships that mobilize and share knowledge, expertise, technology and financial resources, to support the achievement of the Sustainable Development Goals in all countries, in particular developing countries.	AAK's sustainable solutions are a result of co-development with customers and suppliers. We work together with different stakeholders to scale up our impact beyond our operations and supply chain. We are engaged in several global partnerships, including UNGC, RSPO and the Global Shea Alliance. Our community engagement programs have a significant positive impact on specific target groups in the societies we are located in.	In 2021, we emphasized our work with partnerships and ability to influence by focusing more on our community engagement initiatives. Based on impact assessment, it will be crucial to identify what multi-stakeholder partnerships can strengthen AAK's role in the society and make us a better neighbor.	Direct			Yes	In June 2021, AAK entered a ten-year sustainable shea partnership, called Women in Shea (WISH), together with Mars, USAID, CARE International, the Livelihoods Fund for Family Farming (L3F), and Presbyterian Agricultural Services (PAS). In September 2021, AAK initiated a partnership with Musim Mas and Nestlé to establish a five-year program to address deforestation outside of palm oil concession areas in Aceh, Indonesia. In October 2021, AAK agreed on a five-year partnership with CNSF – the National Forest Seed Center of Burkina Faso. We also continued with the following established partnerships: Global Shea Alliance, Sustainable Coconut Charter, Solidaridad, Forever Sabah, and Saha Global. Relevant community projects have been established with local partners such as a non-profit association providing a skills certification program for women in fashion and cloth technology, beauty, culture, and hair dressing in India. The program is also recognized by the Government of India. Another example is a partnership with Cormacarena, a government institution for environmental control in Colombia to which AAK donated seedlings to support deforested areas in the region. Lastly, we keep developing our long-term partnerships. Since 2016, AAK runs an environmental program in collaboration with a local public school in Uruguay focusing on waste and recycling.

Everything

we do

is about

Making Better Happen™

AAK specializes in plant-based oils that are the value-adding ingredients in many of the products people love to consume. We make these products better tasting, healthier, and more sustainable. We enhance their sensory experience – by giving the silkier mouthfeel in premium chocolate, the juicier texture in a plant-based burger, and the puffier appearance in a lower-fat pastry.

We can also optimize their production by substituting existing ingredients with plant-based equivalents that give better efficiency. AAK's value-adding solutions enable our customers to be successful in a better way.

At the heart of AAK's offer is Customer Co-Development, combining our desire to understand what better means for each customer, with the unique flexibility of our production assets, and a deep knowledge of many products and industries, including Chocolate & Confectionery, Bakery, Dairy, Plant-based Foods, Special Nutrition, Food-service, and Personal Care. Our 4,000 employees support our close collaboration with customers through 25 regional sales offices, 15 dedicated Customer Innovation Centers, and with the support of more than 20 production facilities.

Listed on Nasdaq Stockholm and with our headquarters in Malmö, Sweden, AAK has been Making Better Happen™ for more than 150 years.



Explore more at
www.aak.com

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