

THE OATLY
SUSTAINABILITY
REPORT 2021

OATLY SUSTAINABILITY REPORT 2021

This report, conducted by Oatly AB, 556446-1043, is aligned with the Oatly Group AB for the financial year of 2021.

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INTRODUCTION

THIS IS OATLY

Who we are today

We are the world's original and largest oat drink company. Our company mission is to make it easy for people to eat better and live healthier lives without recklessly taxing the planet's resources. For over 25 years, we have exclusively focused on developing expertise around oats – a crop that helps us to develop products that seek to maximize nutrition and minimize our environmental impact. Our commitment to oats has resulted in technical advancements that have enabled us to develop a wide breadth of dairy portfolio products, including oat drinks, frozen desserts, oatgurt, cooking creams, spreads and on-the-go drinks.

As a people and planet organization, sustainability is at the core of our business and a part of every strategic decision we make across the value chain. Our vision is to be a company that leads a global plant-based movement to reduce the production of cow's milk products by half. We aim to produce sustainable oat-based products that seek to maximize nutritional value and minimize our environmental impact. We believe that transforming the food industry is necessary to face some of humanity's greatest challenges across climate, environment, health and lifestyle. In parallel, the consumer landscape is changing, as the growing concerns for the environment and interest in health and nutrition have started to drive real, scaled behavioral change around consumer purchase choices. We believe the Oatly brand has become one of the strongest voices standing for what consumers care about in particular: sustainability and health. Further, through the efforts of our authentic and award-winning in-house creative team, we have cultivated a loyal consumer base that is highly aligned with our ambitions. We believe our strong resonance with consumers will further propel our growth and support the transition to a plant-based food system.

How we got here

It all started in the late 1980s in the south of Sweden. A group of scientists at Lund University were exploring the mechanisms behind lactose intolerance and its effects on people. They looked around and decided it might also be cool to develop a plant-based food people could use as a substitute for cow's milk. They wanted this new food to be nutritious and sustainable – and that it would have to taste good enough to make people

consider switching from traditional dairy. The scientists refined a process to use natural enzymes to break down fiber-rich oats into a liquid food. (High fives all around!)

Why we exist

Traditional food production is one of the biggest drivers of environmental impact; studies indicate that agriculture uses about half of all habitable land on Earth, requires large amounts of resources, emits greenhouse gases (GHGs) and can harm biodiversity.^{1,2} Unhealthy diets are one of the leading causes of poor health globally, and can contribute to non-communicable diseases such as cardiovascular disease, certain cancers, and type 2 diabetes; as well as undernourishment, micronutrient deficiencies and obesity.³

Through our products and actions as a company, we work to grow the plant-based movement and help people shift from traditional dairy to plant-based products, which we believe will help enact positive societal and industrial change.

The current food system requires transformation, and we strive to be a driving force behind this change. On average, studies indicate that plant-based drink products consumed in place of cow's milk products result in lower land use, energy use, water use and climate impact.^{4,5} As a company, we look to work with farmers, suppliers, scientists and other partners to develop our products in a way that we believe is beneficial, to both our customers and the planet.

¹ Ritchie, H. and Roser, M. (2020). "Environmental Impacts of Food Production." Published online at OurWorldInData.org. Retrieved from: <https://ourworldindata.org/environmental-impacts-of-food>.

² Intergovernmental Panel on Climate Change (IPCC). Mbow, C et al. 2019. Special Report: Climate Change and Land. https://www.ipcc.ch/site/assets/uploads/sites/4/2019/11/08_Chapter-5.pdf.

³ World Health Organization. (2021). "Malnutrition." Retrieved from <https://www.who.int/news-room/fact-sheets/detail/malnutrition>.

⁴ Poore, J. and Nemecek, T. (2018). "Reducing food's environmental impacts through producers and consumers." *Science*, 360(6392), 987-992 (With additional calculations for the BBC's food calculator provided by J. Poore on oat drink, almond drink, and rice drink.) <https://doi.org/10.1126/science.aag0216>.

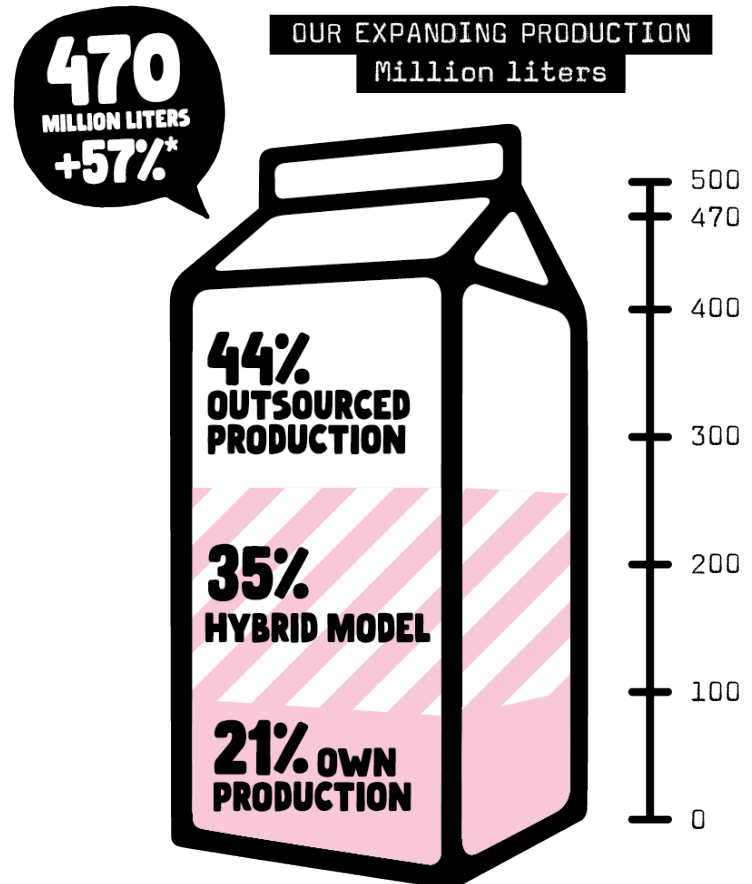
⁵ Carlsson Kanyama, A.; Hedin, B.; and Katzeff, C. Differences in Environmental Impact between Plant-Based Alternatives to Dairy and Dairy Products: A Systematic Literature Review. *Sustainability* 2021, 13, 12599. <https://doi.org/10.3390/su132212599>.

Where to find us

Our headquarters are located at Jagaregatan 4, 211 19 Malmö, Sweden. All office spaces globally are leased: Malmö, London, Berlin, Helsinki, Amsterdam, New York City, Shanghai and Hong Kong.

Growth Journey

Over the years, demand for our products has grown significantly. The year 2021 was an exciting one, as we continued to scale our production capacity and added three new factories located in Ogden, Utah, U.S.; Singapore; and Ma'anshan, China. These sites are in addition to our factories in Landskrona, Sweden; Millville, New Jersey, U.S.; and Vlissingen, Netherlands. In 2021, 21 percent of our production was through our Oatly-operated end-to-end factories, 44 percent was made by outsourcing through different production partners and 35 percent was made through a hybrid model.



We have a commercial presence in more than 20 markets across EMEA (Europe, the Middle East and Africa), North America and Asia. Our products are sold through a variety of channels, from independent coffee shops to continent-wide partnerships, from major international food retailers to premium natural grocers and corner stores, as well as through e-commerce channels.

In May 2021, our parent company Oatly Group AB completed our initial public offering (IPO) and began trading on the Nasdaq Global Select Market under the ticker symbol "OTLY." Subsequent to the IPO, our parent Company's largest shareholders continue to be Nativus Company Limited, jointly owned by China Resources and Verlinvest, and Blackstone Funds, with the remaining ownership becoming decentralized toward institutional investors in the market.

ABOUT THIS REPORT

The purpose of this report is to provide both details regarding Oatly's sustainability efforts and a deeper understanding of and reflection on 2021 performance with respect to environmental, social and governance factors.

This constitutes Oatly AB's statutory sustainability report for the financial year 2021 in accordance with the Swedish Annual Account Act. Our auditors, EY, have provided an opinion on the statutory sustainability report and conducted a limited review on Oatly's Scope 1 and Scope 2 emissions. Please see the auditor's opinion on page 42 and the limited assurance report on page 43.

Note regarding forward-looking statements

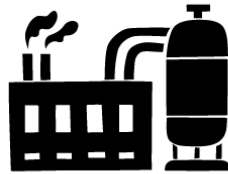
This Sustainability Report contains forward-looking statements regarding our future business expectations and objectives and our environmental, social and governance goals, which involve risks and uncertainties. Actual results may differ materially from the results anticipated, depending on a variety of important factors, including (without limitation) the risks detailed in Oatly Group AB filings with the U.S. Securities and Exchange Commission. In relation to this Sustainability Report, we are (wholly or in part) reliant on public sources of information and information provided by our own suppliers and business partners.

2021 OATLY IN NUMBERS

REVENUE (\$MM)

643.2

421.4



NUMBER OF PRODUCTION FACILITIES

2021
2020
6 3



VOLUME OF FINISHED GOODS PRODUCED (L)

2021: 470,100,000
2020: 299,400,000

VOLUME OF FINISHED GOODS SOLD (L)

2021: 421,300,000
2020: 289,900,000

+57%

FULL-TIME EMPLOYEES

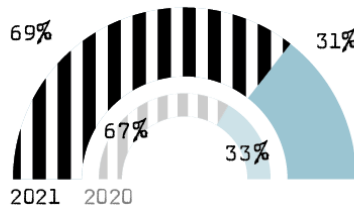


2021
2020
1615 792

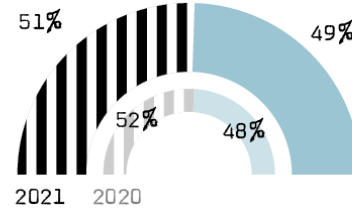
GENDER DISTRIBUTION

Male Female

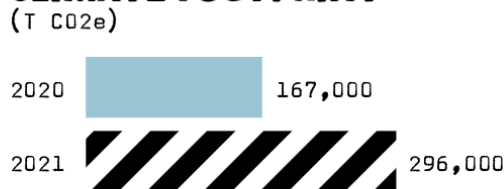
LEADERSHIP TEAM



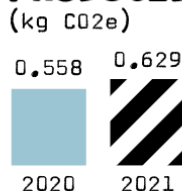
ALL EMPLOYEES



CORPORATE CLIMATE FOOTPRINT (T CO2e)



CLIMATE IMPACT PER PRODUCED LITER (kg CO2e)



⁶ Corporate Climate Footprint refers to scopes 1,2 and 3 GHGs (T CO2e) rounded to the nearest thousand. Please see details in the appendix.

High (and low) lights

“2021 signaled, more than ever before, the urgent need for a fundamental shift in society – how we interact, how we eat and how we do business. If we have any chance to tackle climate change and make progress toward critical sustainable development goals, such as Responsible Production and Consumption and Climate Action, we must shift the food system toward one that reduces greenhouse gas emissions, builds biodiversity, benefits farmers and is overall better for people and the planet. Business and finance must drive this shift, and governments must step up to set the new rules of the road.”

Ashley Allen
Chief Sustainability Officer



The year 2021 was one of global disruption, from international conflicts to interrupted supply chains to impassioned climate marches. All of these are indicators of the urgent need for change. For us at Oatly, change in 2021 came in the form of new factories and significantly increased production, as well as exploration of new supply chains and new renewable energy sources.

In 2021, we doubled the number of Oatly-operated factories from three to six. Overall, we increased production 57 percent, bringing Oatly to more people in more markets than ever before. Two factories in the U.S. (Ogden and Millville) for the first time sourced 100 percent renewable electricity in 2021, joining Oatly’s two factories in Europe (Landskrona and Vlissingen) for a total of four Oatly factories that sourced 100 percent renewable electricity. Even as production grew, we continued to repurpose 100 percent of our largest waste/byproduct stream – oat fiber residue – and were able to drive down water use per liter of product at our three facilities in operation prior to 2021 (Landskrona, Vlissingen and Millville).

We expanded our pilot projects with farmers in the U.S. and Sweden on restorative models for growing oats, and we used our voice and influence in global forums, such as COP26, to call for action on shifting the current global food system and advancing the plant-based revolution.

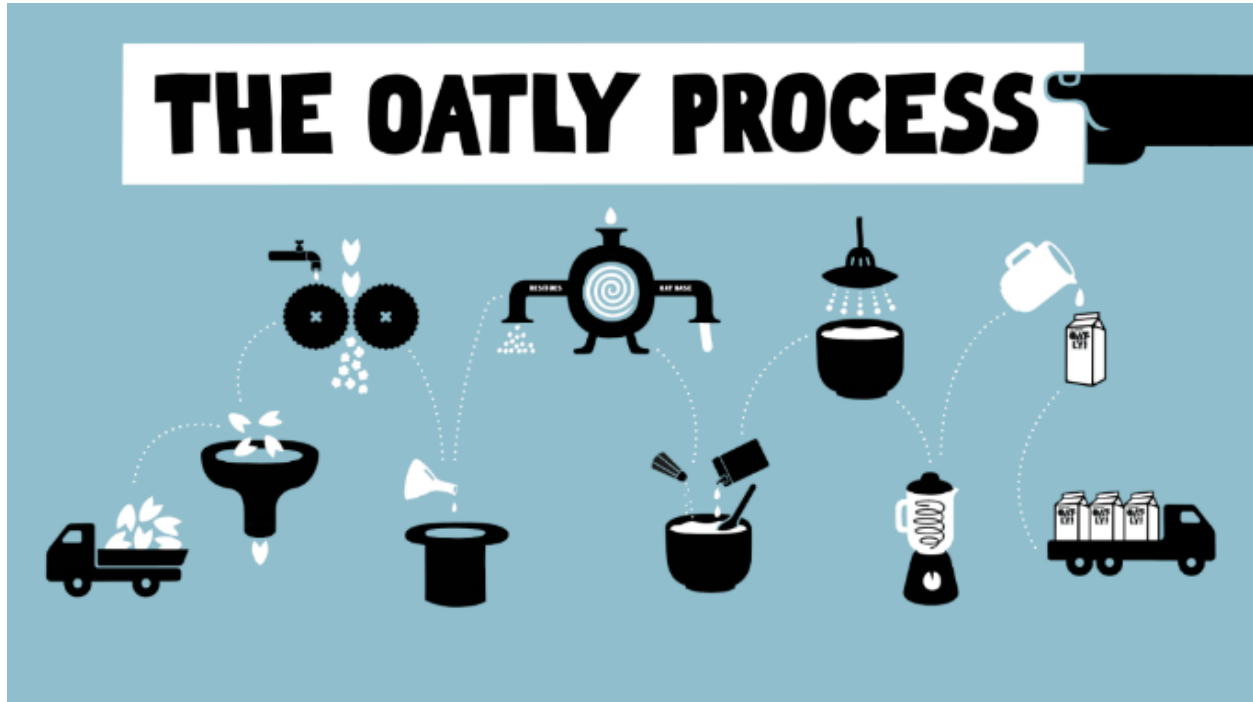
At the same time, with growth comes new potential environmental impacts and sustainability challenges. As we expanded production to new geographies and navigated the ramp-up phase in three new factories, between 2020 and 2021, our climate impact per produced liter increased 13 percent. Our proportion of renewable energy used at production sites (Oatly and our production partners') globally decreased. This decrease in overall proportion of renewable energy was driven primarily by the addition of the three new factories in ramp-up phase (see Energy Use section for more details). Moreover, we continued to see the importance of supply chain materials and ingredients in contributing to our climate footprint and the need for innovative partnership solutions to drive down these impacts.

THE OATLY WAY

Description of our supply chain and production

Throughout our process, where we choose to make our products and with whom we choose to partner are strategic decisions underpinned by sustainability and stakeholder considerations. But everything starts with farmers. We would not be Oatly without the farmers who cultivate the oats and other key ingredients we need for our products. (Learn more about farmers in our value chain on pages 18.) We also rely on hundreds of other partners – from material suppliers to warehouses to logistics partners to co-manufacturers – throughout our value chain to support us in making Oatly products. (Learn more about how we work with suppliers and partners more broadly on pages 19.)

Overview of how we make our oat drink



We are enthusiastic about our unique manufacturing process, thanks to which we retain the all-important, loose oat fibers (the beta-glucans, as you may know) in our products. During our production process, we convert oats to a nutritious, liquid oat base, then add various ingredients and heat-treat to create our final Oatly products.

(For more information on the Oatly process, please see our [website.](#))

OATLY'S SUSTAINABILITY PLAN (A.K.A. ASHLEY'S TO-DO LIST)

We believe that transforming the food industry is necessary in order to face some of humanity's greatest challenges across climate, environment, health and lifestyle. In parallel, change is rocking the consumer landscape, as the growing concerns for the environment and interest in health and nutrition have started to drive real, scaled behavioral change around consumer purchasing. Our Sustainability Plan, which we refer to as Ashley's To-Do List, recognizes these global challenges and context, and sets our ambitions for where we think Oatly can have the greatest positive sustainability impact.

Even though Ashley is our chief sustainability officer, this to-do list isn't really hers alone. It's on our entire company's to-do list to take important steps toward our vision for a food system that is better for people and the planet. It outlines many of the actions we seek to take within each pillar. And in order for you to know how we're getting on with the list items, someone has to keep an eye on it. Who? Well, of course, Ashley has that fun/hard/exciting/scary/rewarding job – that's why we put her name at the top of this section! The Sustainability Plan consists of three pillars of action, each of which is connected to a part of our value chain.

WE WILL DRIVE A



Ambition 1:

By 2029, Oatly's food system will give back to nature and communities where we source by restoring carbon, improving biodiversity and boosting farmers' income.

Ambition 2:

By 2029, we will reduce our climate footprint per liter of Oatly produced by 70% and align that ambition with a 1.5 degree C climate pathway.

Ambition 3:

By 2029, all of the facilities that produce our products will meet "Future Factory" criteria, which we will define in line with the principles of sustainable, efficient, safe and inclusive; and we will support our production partners along the journey.

**WE WILL SET THE
EXAMPLE AS A**



**WE WILL LEAD THE
CHARGE TO EMPOWER**



Ambition 4:

By 2029, we will make plant-based diets mainstream by leading a shift from dairy, with a milestone to shift 2.9 billion liters from dairy to Oatly by 2025, thereby saving up to 2.5 million tonnes (T) of CO2e.

(For more information, visit [Ashley's To-Do List](#))

Stakeholder interaction

Oatly has identified the aspects of our Sustainability Plan that are likely to have the most significant sustainability impacts, based on dialogues and interactions with various internal and external stakeholders, grounded in science and taking into account the UN Sustainable Development Goals (SDGs). As part of stakeholder engagement to inform our Sustainability Plan, we have done the following:

- Undertaken a broad stakeholder survey in 2019 covering topics related to our impact on the supply chain (e.g., in relation to human rights and labor rights, resource efficiency and working conditions in our own operations, and insights on how we can drive an impact on society through our products)
- Held internal workshops with a number of Oatly functional teams in different regions during 2020 to further prioritize the sustainability areas
- Held a targeted stakeholder roundtable discussion in December 2020 with NGOs, academia and peers/customers to garner feedback on the proposed plan
- Summarized and presented the relevant sustainability areas to Oatly's board of directors in December of 2020 and then published the Sustainability Plan on our website

(Please refer to the appendix for a list of our main stakeholder groups and a description of our stakeholder engagements.)

Oatly's contribution to the SDGs

The environmental and social challenges we face can only be solved if we collaborate across different organizations, industries, sectors and countries. The UN 2030 Agenda for Sustainability Development - and in particular its 17 SDGs "[provide] a shared blueprint for peace and prosperity for people and the planet, now and into the future." Since 2017, Oatly has worked toward eight SDGs that most directly relate to our value chain and business, and for which we believe we have the highest potential for impact. We have included an overview in the Appendix of this report outlining the relevant SDG targets and our key impacts and contributions toward them.



The Sustainability Plan also outlines how we will comply with applicable environmental, social and governance policies, laws and regulations and ensures that our values and code of conduct are implemented throughout the organization.

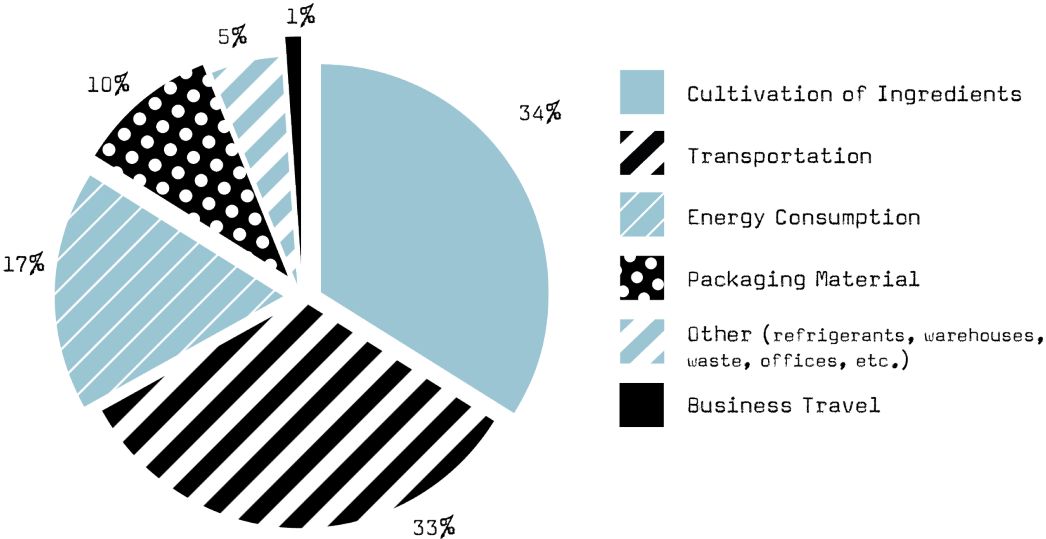
2021 RESULTS

Talking about the Sustainability Plan from a theoretical perspective is one thing, but what does it actually look like in practice? How are we doing in terms of beginning to implement our plan? The following provides a deeper analysis of and reflection on 2021 sustainability performance, with some handy numbers and bar graphs!

Oatly’s corporate climate footprint

First up is our 2021 corporate climate footprint showing our share of GHG emissions by category. Our corporate climate footprint increased 77 percent from 167,000 T CO₂e in 2020 to 296,000 T CO₂e in 2021, as our production volume grew 57 percent.^{7,8} Therefore, our impact per produced liter increased 13 percent from 0.558 to 0.629 CO₂e. The two main drivers of our corporate climate footprint are the usual suspects: ingredients (a.k.a. direct materials) and transportation. Read more about each category below, including Cultivation of Ingredients (page 17) and Transportation (page 23), where we dig deeper into each.

DISTRIBUTION OF GREENHOUSE GASES, BY CATEGORY (T CO₂e)



⁷ Includes scopes 1, 2 and 3 GHG emissions - please see details in the appendix.

⁸ Figures rounded to the nearest thousand

The following chart breaks down our corporate climate footprint by GHG emissions scope, as defined by the [GHG Protocol](#).

GREENHOUSE GAS EMISSIONS

Metric	2021	2020
Scope 1 emissions (T CO2e)	11 886	4 260
Scope 1 emissions intensity (kg/liters produced)	0.025	0.014
Scope 2 emissions (T CO2e)	3 190	3 763
Scope 2 emissions intensity (kg/liters produced)	0.007	0.013
Scope 3 emissions (T CO2e)	280 464	159 080
↳ Purchased goods and services	173 894	90 916
Fuel and energy-related activities	2 358	3 996
Waste generated from operations	698	243
Upstream transportation and distribution	101 609	63 174
Business travel	1 905	751
Scope 3 emission intensity (kg/liters produced)	0.597	0.531

DRIVE A FOOD SYSTEM SHIFT

Our ambition is that, by 2029, Oatly’s food system will give back to nature and communities where we source by restoring carbon, improving biodiversity and boosting farmers’ income. We look to work with farmers, suppliers, scientists and other partners to drive a shift toward more sustainable, low-emission practices in the areas of our supply chain that are at the core of our business: oats, our suppliers and packaging. (For more information, visit [Ashley’s To-Do List](#).)

⁹ The reported emissions for the Scope 3 category include some estimates (please refer to pages 49-50 for an overview of estimates). As a result, the estimates included in the reported Scope 3 emissions will differ from the actual emissions. Third-party data under Scope 3 emissions is more challenging to track, estimate and verify. Our ability to verify the assumptions, estimates and information used to calculate these metrics (whether now, in the past or in the future) may be limited by the integrity of the underlying data available at the relevant point in time and the status and evolution of global, supranational and national laws, guidelines and regulations in relation to the tracking and provision of such data. Therefore, according to the GHG Protocol reporting principles, such information is provided on a reasonable-effort basis and is subject to change.

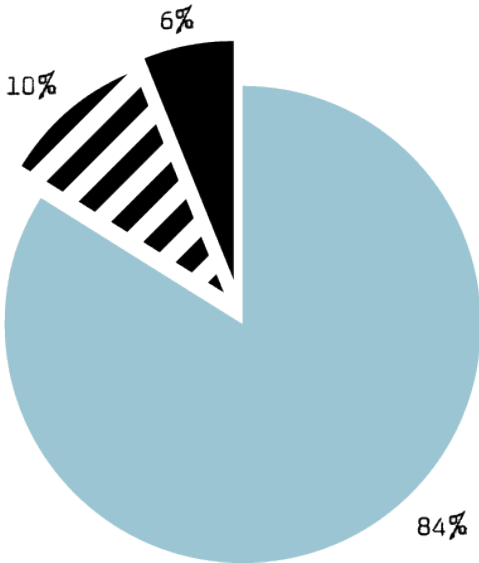
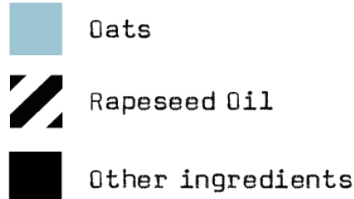
Note - for fossil-based electricity, location-based emission factors have been used in the table above.

Ingredients

In 2021, our ingredients accounted for about 34 percent of our corporate climate footprint, or 0.215 kg CO₂e per produced liter, which is an 11 percent increase per produced liter compared with 2020. Ingredients make up the largest portion of our corporate climate footprint, just surpassing transportation. The increase in ingredient climate impact is driven primarily by updated third-party GHG emission data for ingredients other than oats and rapeseed oil, such as new GHG emission factors for vitamins and enzymes. In 2022, we plan to investigate the impact of these new emission factors in more detail.

Oats remained our most important ingredient, accounting for 84 percent of our total purchase volume of ingredients in 2021, the same proportion as in 2020.

SHARE OF INGREDIENTS, BY TYPE (T)



Packaging

While our packaging use continued to grow on par with our business growth in 2021, we maintained our share of 87 percent renewable or recycled packaging materials, the same proportion as in 2020. Of the materials we used, 45 percent was recycled material, which primarily consisted of recycled corrugated board used in our secondary packaging.

Even though we maintained our share of 87 percent renewable or recycled packaging materials from 2020 to 2021, our corporate climate footprint for packaging increased 11 percent or approximately 0.007 kg CO₂e per produced liter. We believe this change is primarily due to both our ability to gather more data and an increase in weight of some of our packaging.

As we look ahead to the rest of 2022, we will work to increase the proportion of renewable and recycled packaging materials. We also plan to further define targets related to packaging made with renewable energy and end-use recycling.

Research and farmer projects

In 2021, we began developing an Oatly approach to restorative and regenerative agriculture for oats that works toward the following outcomes: reducing and removing GHG emissions, increasing ecosystem function, and building farm viability and resilience. This approach builds from our prior year partnerships with farmers in Sweden and the U.S. We are also developing an internal Oatly sustainable sourcing protocol for oats (or “prOATocol”) that we believe in future years will help us drive consistency in our farm partnership approach across the regions from which we source and feed data, results, experience and learning into a common pool.

Sustainability in Swedish oat farming

We have refined and expanded our partnership with oat farmers in Sweden. We have also worked with an agronomist to develop a list of sustainable farm management practices and tested them with 11 volunteer farmers. Each farmer selected from a menu according to which practices were most applicable to their farm conditions and location and regularly shared their experience implementing these practices on their farm. Using this learning, we are refining our list of management practices and recruiting more farmers, with the goal of transporting greater volumes of more sustainable oats to our partner mill.

“U.S. Oats for Oatly”

In 2021, Oatly continued into the third year of our “U.S. Oats for Oatly” program with 15 Midwest U.S. farmers and NGO partners to test the environmental and economic benefits of growing oats in rotation with the more-commonly grown corn and soy. We believe that if we can prove these benefits, we’ll help a wider community of American farmers incorporate oats into their crop rotations, thus expanding the supply of food-grade, U.S.-grown oats while improving soil health, water quality and biodiversity and diversifying farmers’ income opportunities. At the close of year three, the first group of farmers had completed the first round of their three-crop rotation (one year of oats plus a cover crop such as clover or peas, one year of corn, and one year of soy). We’re continuing to gather data from these partner farms to evaluate the impact oats and cover cropping have had on each farm, and will share preliminary lessons and results in 2022.

Sustainability in the supply chain

As our company grows, so does the complexity of our supply chain. This means we must strive to be mindful of the sustainability impacts of our partners within it. Our [Code of Conduct](#) reflects our company values and expectations on key issues such as human rights, working conditions and anti-corruption. We expect that all our suppliers and production partners either commit to complying with our code of conduct or present their own, with a standard at least equal to ours.

We seek to uphold human rights and responsibly source key ingredients for our products. Regarding risks related to human rights in our supply chain, we are prioritizing a review of a small percentage of ingredients that come from high-risk countries where modern slavery or forced labor may be more likely. For corruption-related risks, based on our supplier performance evaluations, we see a low risk of corruption – but we interpret the results with caution and continue to monitor this issue. Please also see our [Modern Slavery Statement](#) for further descriptions of how we look to identify and mitigate risks in our supply chain.

We are working to build a consistent and transparent system to help us monitor suppliers' sustainability performance and manage risks. In late 2020, we introduced the [Ecovadis](#) sustainability assessment and performance tool to partner with our suppliers more actively on their sustainability efforts. In 2021, we invited 56 suppliers, representing more than half of our direct material suppliers that deliver oats, packaging and ingredients to our Oatly sites, to participate in the Ecovadis assessment. Of those, 41 were rated across four categories: environment, ethics, labor & human rights and sustainable procurement. According to Ecovadis, the average score for our suppliers was 60.5 out of 100, which indicates a better average performance than the Ecovadis database benchmark of 43.9. In 2022, we aim to both expand the Ecovadis program to other suppliers and work with select partners on improvement actions they might take in light of the Ecovadis assessments undertaken to date.

Also in 2021, we teamed up with students from Harvard Undergraduate Consulting on Business and the Environment to draw on the insights of the next generation of corporate sustainability leaders to inform the next evolution of our global supplier standards. In 2022, we aim to draw on these insights to update our code of conduct – in particular, looking to provide clear accountability and performance evaluation guidelines for suppliers.

FUTURE COMPANY - PLANET

The UN has called on businesses to accelerate the transformation toward a sustainable future that addresses climate change, inequality, health and well-being. To us, this means putting people and the planet first. In this section, you will learn more about the impact our operations have on our renewable energy use, water use and transportation, and how we manage our waste and the corresponding climate impact. You'll also see our continued efforts to make sure Oatly is a welcoming and safe place to grow personally and professionally – or in other words, be a great place to work. (For more information, visit [Ashley's To-Do List](#).)

To set the example as a future company, we're working to deliver on two major ambitions by 2029:

1. Reduce our climate footprint per liter of Oatly produced by 70% and align that ambition with a 1.5 degree C climate pathway
2. Create our products in Oatly facilities that meet "Future Factory" criteria, which we will define in line with the principles of sustainable, efficient, safe and inclusive, while supporting our production partners along the journey

In 2021, we further defined Oatly's Future Factory criteria, including the following critical building blocks. We believe a future factory should:

1. Be T-Oatly safe
2. Be diverse and inclusive
3. Source 100% renewable energy
4. Be energy and water efficient
5. Send zero waste to landfill
6. Use 100% sustainable ground transportation

Our co-manufacturers are key production partners, and we're committed to bringing them along on our sustainability journey. In some cases, such as in the carbon footprint, energy and transportation sections of this report, we provide production partners' sustainability data alongside the data from Oatly-operated factories. In other cases (e.g., the water and waste sections), production partner data is not included.

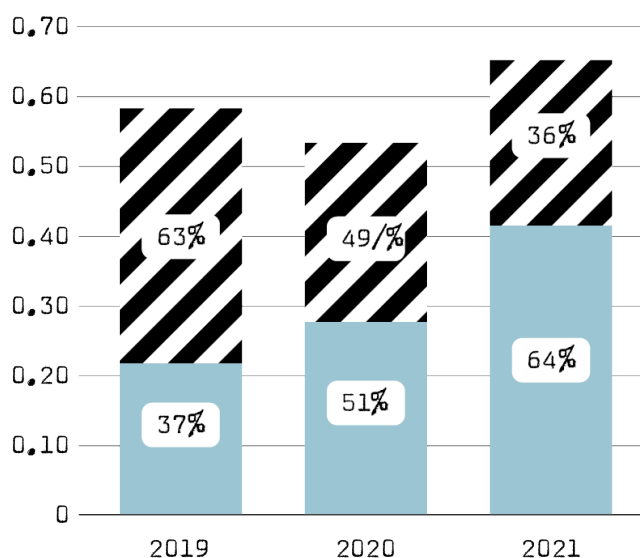
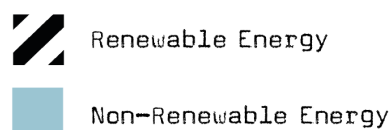
Energy consumption and renewable energy

In 2021, production sites (including both Oatly's and those of our production partners) and offices used approximately 310 million kWh of energy, an increase of about 92 percent from 2020. That's a big increase! But keep in mind that in 2021 we opened three new factories that were in ramp up phase at various points throughout the year. These factories are still working to achieve higher energy efficiency and source renewable energy.

Energy used at production sites and offices accounts for about 17 percent of our corporate climate footprint, or approximately 0.107 kg CO₂e per produced liter, an increase of 36 percent over 2020. The two drivers of energy-related climate impact are energy intensity (amount of energy used per liter) and type of energy sourced (renewable or non-renewable).

Energy intensity

ENERGY INTENSITY PER PRODUCED LITER (KWH/L)



Our energy intensity increased approximately 13 percent between 2019 and 2021. In 2021, we opened three new production sites in Singapore; Ma'anshan, China; and Ogden, Utah, U.S. We also expanded capacity at our factory in Vlissingen, Netherlands, installing new oat base and packing lines. We anticipate that these sites and forthcoming new lines will achieve greater energy efficiency as they reach full production capacity over time.

Note that this is a different metric than we reported in previous annual reports. Energy intensity is based on energy consumed at all production sites (Oatly and our production partners) measured per total liters produced at a corporate level. "Energy use," which was reported in the 2019 and 2020 Sustainability Reports, is based on average factory-level output. To align with the ambitions presented in our Sustainability Plan in 2021, we will report on energy intensity in this and future annual reports; and we have calculated energy intensity in 2019 and 2020 from prior year data.

Renewable energy

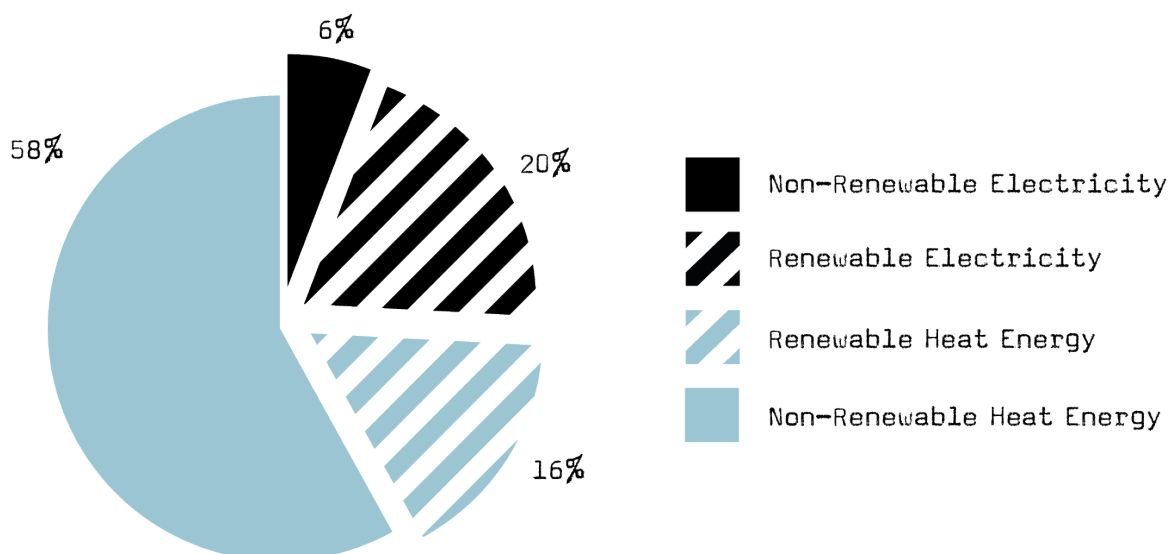
We are working to source 100 percent renewable energy by 2029, as outlined in [Ashley's To-Do List](#). For Oatly, this includes both electricity and thermal, or heat, energy.

In 2021, we sourced approximately 76 percent renewable electricity for all production sites (Oatly-operated and our production partners). This equates to approximately 20 percent of total energy use. During the same period, we sourced 21 percent renewable heat energy for all production sites (Oatly-operated and our production partners). This equates to approximately 16 percent of total energy use, as reflected in the following pie chart.

Combined, our total percentage of renewable energy decreased from 49 percent in 2020 to 36 percent in 2021. This was primarily driven by the fact that two of our new factories (Ma'anshan and Singapore) do not yet source renewable energy (electricity or heat), and our third new factory (Ogden) does not yet source renewable heat energy.

Sourcing renewable electricity at Singapore and Ma'anshan and identifying solutions for sourcing renewable heat energy for our factories will be key strategies to help Oatly achieve 100 percent renewable energy by 2029.

TOTAL ENERGY USE, BY SOURCE (KWH)



While sourcing renewable heat energy continues to be a challenge, we made progress in sourcing more renewable electricity in 2021. We continued to

source 100 percent renewable electricity at Landskrona and Vlissingen, and for the first time in 2021, our two factories in the U.S. sourced 100 percent renewable electricity!

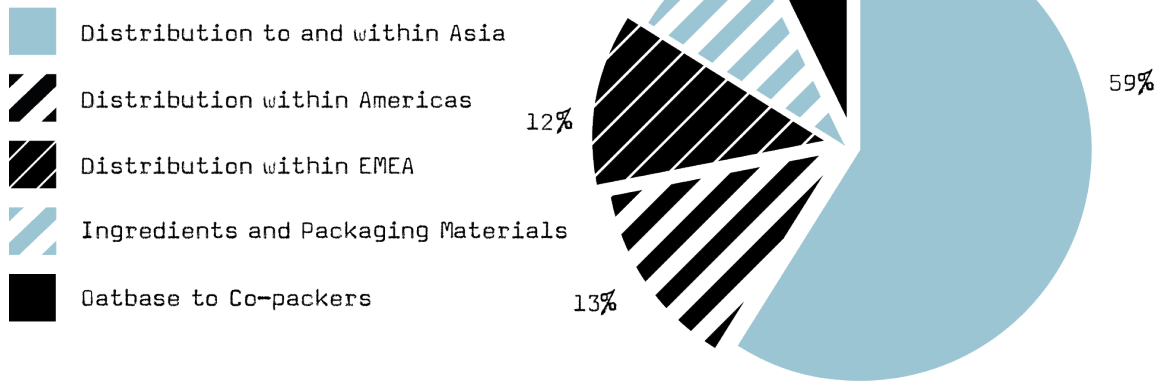
- At our factory in Millville, we sourced renewable energy certificates (RECs) from a local biodigester partner that combines our oat fiber residue with other food waste to produce biomethane and generate renewable electricity for the local grid. Oatly then purchased RECs equivalent to the electricity required for the lighting, milling, refrigeration and mixing that gets the oatmilk flowing at the Millville facility.
- At our Ogden factory, we also purchased RECs equivalent to the amount of electricity needed to run the production site. These RECs are generated from 100 percent wind and solar power from Utah, Idaho, Wyoming, California, Oregon and Washington.

Transportation

Transportation accounts for about 33 percent of our corporate climate footprint, or approximately 0.207 kg CO₂e per produced liter. This remained the same in 2021 compared with 2020. Even though we transported more ingredients and products in 2021, we maintained our transportation intensity level through policies and partnerships we put in place around the globe. We're starting to move, or maybe transport, this metric in the right direction!

Distribution of finished products remains the largest contributor to transportation emissions, with more than half resulting from the distribution of products to and within Asia. These products are shipped, usually via ocean freight, primarily from factories in Europe. As the three new production sites previously mentioned reach full production capacity, we expect our transportation-related emission intensity to decrease.

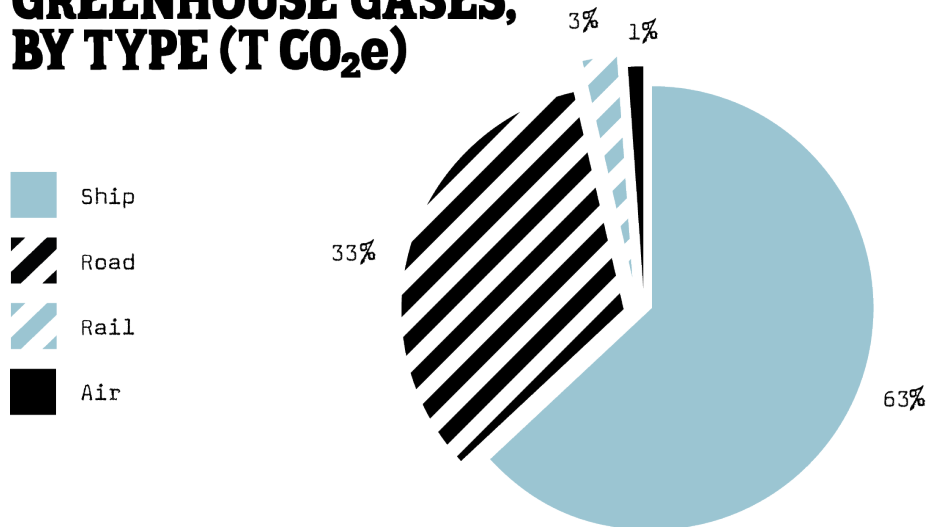
SHARE OF TRANSPORTATION GREENHOUSE GASES, BY CATEGORY (T CO₂e)



Air freight has an oversized emissions intensity. For example, in 2021, it represented approximately 0.02 percent of transportation based on tonne-km, but 1 percent of transportation emissions. To minimize this impact, our Global Logistics Team has since “cancelled” routine air freight. We now require detailed analysis and approval by upper management every time there is a proposal to ship product by airplane.

(Sidenote: A tonne-km is calculated by multiplying the weight in tonnes of the goods by the kilometers driven.)

SHARE OF TRANSPORTATION GREENHOUSE GASES, BY TYPE (T CO₂e)



Since ground transportation, which includes shipments by rail and by road, is the second largest driver of transport-related emissions, we are working to use 100 percent sustainable ground transportation for our products and materials, utilizing electric vehicles, rail and/or vehicles powered by renewable fuels by 2029, as outlined in [Ashley's To-Do List](#) as part of our "Future Factory" ambition.

In 2021, we took a couple important steps to increase our sustainable ground transportation:

- In the second year of our partnership with Einride, we more than doubled the amount of tonne-km transported by electric truck. In Europe, this was approximately 4% of our finished goods distributed from factories to the warehouses by truck. In 2022, we plan to expand this program in the U.S.
- As we open new factories, we are working to optimize our strategic network design, with a focus on minimizing the distance between production sites and key customer locations.

Water withdrawal

In 2021, our total water withdrawn by Oatly-operated factories was approximately 1.1 billion liters.

We are actively working to use water more efficiently at our factories, striving to reduce our water withdrawal per liter of Oatly produced by at least half between 2019 and 2029, as outlined in [Ashley's To-Do List](#). Our factories in Millville, Vlissingen and Landskrona – which have been operating since 2019 or before – continue to make progress in driving down their water withdrawal per liter of output, achieving reductions of between 18 and 74 percent since 2019.

At our longest-operating production site in Landskrona, in late 2020, we finished installing a recirculated cooling water system that increased the amount of water reused onsite, thereby decreasing overall water use at Landskrona by 18 percent between 2019 and 2021.

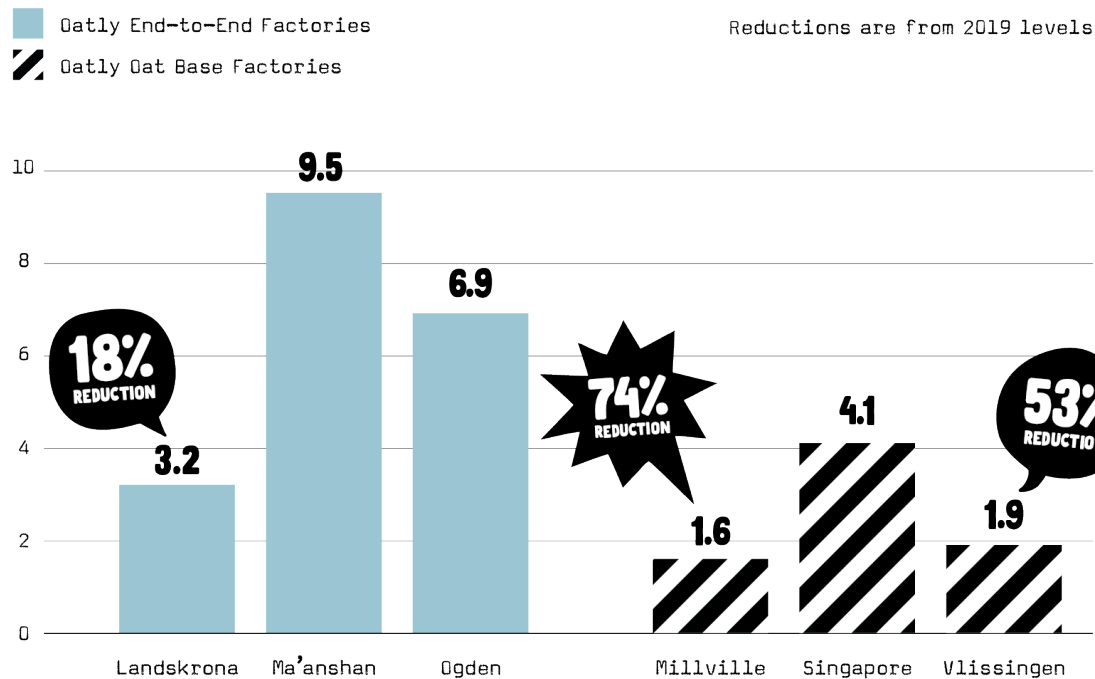
In Millville, we have reduced water use by 74 percent since 2019. In 2021, improved production planning and efficiency resulted in less water needed for cleaning.

And in Vlissingen, we have reduced water use by 53 percent since 2019. In 2021, our third year of operation at this location, we continued to improve operational efficiency, including the installation of new production capacity

with a continuous operating production process system (in contrast to a batch system) to use less water.

Finally, while new factories commonly use more water during their first year of operation, we anticipate that our sites in Ma'anshan, Ogden and Singapore will improve their water efficiency as they reach full production capacity over time.

2021 OATLY FACTORY WATER USE (L/L OUTPUT)



In 2021, we continued to measure water withdrawal at the factory level, rather than reporting globally for all sites combined as we do for energy intensity. One complicating factor for water withdrawal measurement, explained in our 2020 Sustainability Update, is that we have two different setups for our factories.

Our factories in Landskrona, Ma'anshan and Ogden are end-to-end facilities that produce oat base (the foundational ingredient for all our products) and finished Oatly products. Our factories in Millville, Singapore and Vlissingen produce oat base only, which is sent to production partners to make the finished products. Combining site-level water use from these two different setups into a consolidated water metric is complicated. We plan to investigate a method for developing a consolidated water withdrawal metric in 2022.

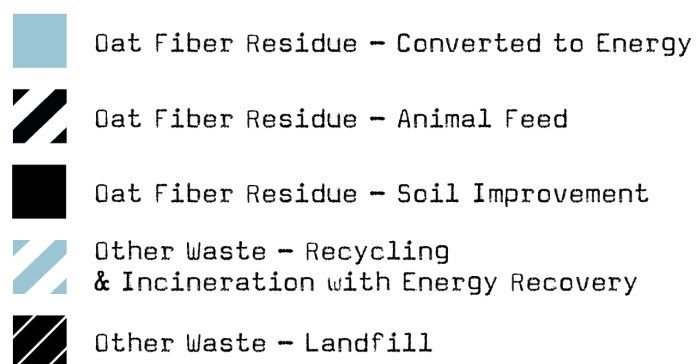
Our waste and leftovers

Our aim is to eliminate production waste sent to landfill. To achieve this, we're working to repurpose our oat fiber residue byproduct (a.k.a. "our leftovers"), reduce waste generated and compost, recycle or convert the rest to energy. Oat fiber residue represents the largest and most material byproduct generated from our production operations, at approximately 95 percent of our total production waste/byproducts.

In 2021, all global Oatly-operated production sites combined generated about 79,226 tonnes of oat fiber residue, 100 percent of which was repurposed! More than half of our oat fiber residue was used to create energy such as biomethane or electricity. The remainder was used either to feed animals or as a soil improver.

We also strive to keep the small proportion of our waste that is not oat fiber residue out of landfills by instead sending it to partners for recycling or incineration, with energy recovery. To that end, in 2021, only about 0.3 percent of the total production waste generated by our global Oatly-operated factories was sent to landfill.

OATLY WASTE AND BYPRODUCTS, BY DESTINATION (T)



FUTURE COMPANY - PEOPLE

Sustainability engagement and committed co-workers

We are proud to report that most co-workers at Oatly are as committed to sustainability as the Sustainability team is. And that is critical, not only

because is it a core value for us, but because we only meet our sustainability ambitions through the decisions our employees make every day. In that way, we consider all Oatly employees as part of the sustainability team.

We track employees' commitment to sustainability via a Committed Co-worker Index – a measurement based on three questions we ask all employees:

- Do you know how you contribute to Oatly's work on sustainability in your role and daily work?
- Do you feel that your engagement with sustainability is developed at Oatly?
- What ambition do you think Oatly should have for our work with sustainability?

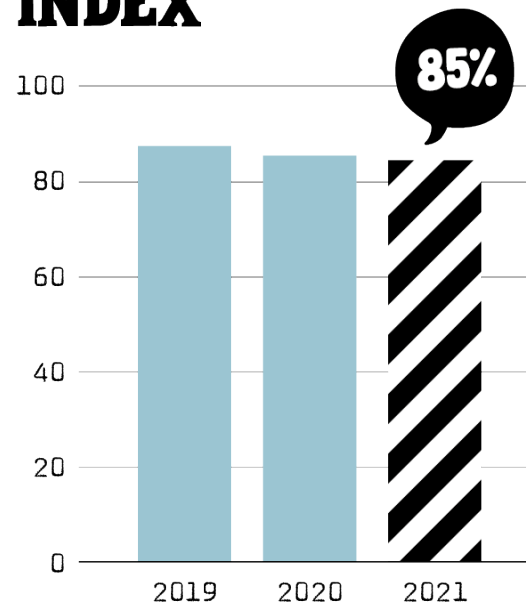
Since we started measuring this index five years ago, the results have remained relatively stable, even as we've rapidly scaled our employee base and transitioned to a largely remote workforce.

The results have varied between 80 and 88 percent of employees; in 2021, it was 85 percent. The results give us an indication of whether our sustainability engagement tools, such as the Sustainability e-Learning course and Sustainability Plan workshops, have been effective. We see 85 percent as a strong level of commitment that demonstrates how central sustainability is to our employees' work. We strive to strengthen and enable that commitment, especially as we grow as a company.

Over half (59 percent) of colleagues say that sustainability was an important reason why they applied to work at Oatly, which provides a good foundation for us to implement some of the actions listed in [Ashley's To Do List](#):

- Maintaining sustainability as our core value, helping co-workers feel committed and understanding how they contribute toward sustainability
- Incentivizing our leaders to prioritize sustainability by making it part of their performance expectations

COMMITTED CO-WORKERS INDEX



Diversity, equity & inclusion

Global DEI mission

We want Oatly to feel like home to everyone who works here, regardless of gender identity, sexual orientation, ethnicity, spiritual beliefs, disability, age or whatever else makes a person who they are. We are a company built on the idea of change, and a prerequisite for real change is that all employees feel comfortable openly sharing both their failures and successes, so we can learn from each other, grow together and become a truly inclusive and diverse company.

Not only do we aim for diversity to be an essential aspect of our culture, but it is also key to our success as a business. We believe that teams make better decisions and innovate more boldly when they're made up of people with diverse perspectives and are supportive of new ways of thinking. We introduced or expanded the following global and regional programs in 2021 to help employees feel psychologically safe and enable the diverse perspectives they represent in order to create productive friction.

Leadership

The Oatly Leadership Program, launched in 2020 and continued in 2021, works to foster self-awareness in our employees, teaching them how to lead in an inclusive and empathetic way. The program is part of the onboarding process, and by the end of 2021, 360 leaders at Oatly had participated.

Communities

- In collaboration with The Fem League, we have created space for various Oatly communities to connect, build an inclusive culture and sense of belonging, develop self-leadership and learn from collective intelligence.

Communities at Oatly in 2021 included:

- Oatly Cares: to break isolation and foster wellness
- Oatly Women+: for people who identify as women to freely share life experiences and facilitate gender equity within Oatly
- Oatly Men+: for people who identify as men to freely share concerns related to work and life
- Oatly LGBTQ+: for people who identify as LGBTQ+ to discuss challenges and co-create solutions to make Oatly more inclusive
- Oatly POC & Allies: for people who want a safe space to talk about what it means to be a person of color today, and how Oatly can be a place where everyone "feels at home"

Issues raised in the communities that require attention and action are currently escalated to the global People & Transformation team via Oatly's partner, the Fem League.

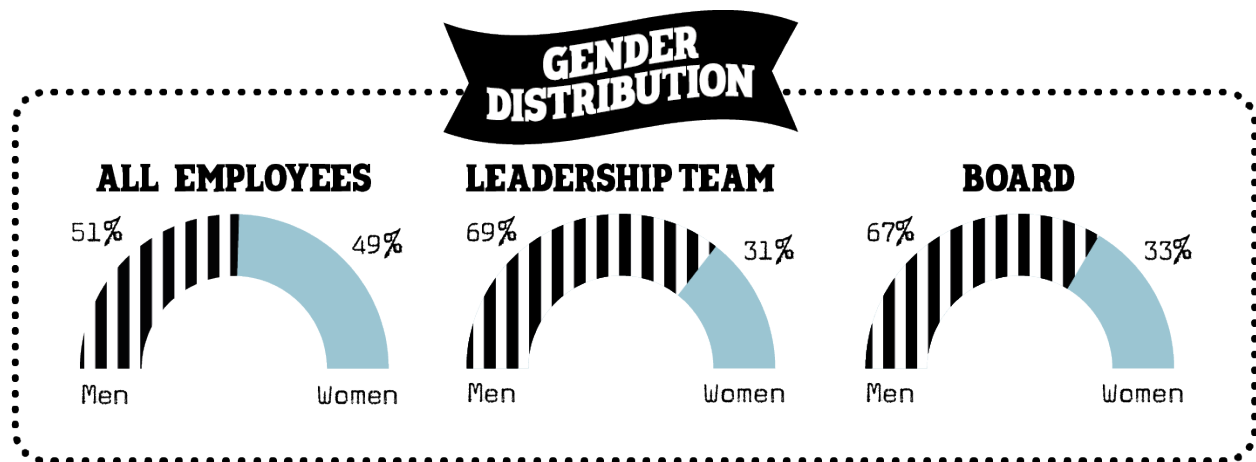
Recruitment

Oatly is actively working to reach a diversity of candidates. Each region has implemented a number of steps adapted to specific local needs in their recruitment process to make sure we are inclusive and approachable to a wide candidate pool. Some examples include:

- Working with agencies and sites specialized in diversity
- Offering a flexible work environment such as the ability to work remotely or a trusted working time approach
- Using neutral and inclusive language in job ads and interviews
- Employing an anonymized recruitment process in the initial phases
- Using psychometric tests to see potential beyond previous experience and university degrees

Gender Representation

We continue to be committed to having balanced gender representation across our company. In 2021, our proportion of women on the parent company board remained the same and the proportion of women on the parent company leadership team decreased. This is an area we will continue to work on.



Health and safety

At Oatly, we seek to create a culture of safety where everyone performs at their best and goes home to their family and loved ones without harm every day. That is why we have an internal T-Oatly Health and Safety policy.

For our incredible Oatly factory employees who work every day to create delicious Oatly products for the world, we are continuously looking at opportunities to improve our safety programs with preventative measures and transparent reporting systems. Below are just a few examples of the measures Oatly put in place in 2021 to help protect factory employees:

- Conducted Health and Safety Leadership excellence workshop with 28 leadership teams
- Held a Personal Responsibility for Safety workshop (hazard awareness) in our Landskrona, Sweden, factory, which we plan to continue in other factories in 2022
- Defined the 5 Lifesaving Rules – high risks that if not managed effectively can lead to fatalities or life-changing injuries, with all locations also having both conducted a self-assessment and built implementation plans for improvement areas
- Updated Health and Safety committees, with all locations participating in engagement and consultation

We aim to protect each other at Oatly and keep accidents and incident rates low. We also aim to provide an open and transparent reporting process for when incidents do occur. Each of our factories tracks incidents and reports them into our global incident reporting tool. Our global Safety Health and Environment (SHE) team aggregates the data and creates monthly regional and global reports. The SHE team cross-checks events that have been reported with the monthly data to keep track of any significant incidents and produces an internal end-of-year report.

In 2021, we raised awareness about reporting and increased our head count, which resulted in more accidents (which include first aid, medical treatment and lost time) and near-miss and safety observations reported. We are proud to note that our Lost Time Injury Rate (LTIR) was lowered by almost half from 4.05 in 2020, to 2.13 in 2021. The lower LTIR rate is a result of our continued focus on the promotion of safety observations and near-miss reporting. We also launched the Safety Incident Insights process to share learnings globally following incidents. Our emphasis on reporting reflects the open and honest culture we are building, and is an essential aspect of our aim to keep our employees safe as they work at Oatly.

HEALTH & SAFETY METRICS

(Factory employees)

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Performance Measure	2020	2021
Lost Time Injury Rate (LTIR)	4.05	2.13
Accidents	95	123
Near Miss Raised	93	139
Safety Observation Raised	380	543

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*Data refers to factory employees for our own sites.

EMPOWER A PLANT-BASED REVOLUTION

The science is clear: It is time for humans to shift away from resource-intensive animal-based diets if we want to combat climate change.¹⁰ Studies show that a shift to more plant-based diets could help to reduce GHG emissions.^{11,12,13,14,15} We work every day to provide innovative, delicious, nutritious oat-based products to make it easier for people to choose plant-based products over animal-based ones. Our ambition is to make plant-based diets mainstream by leading a shift from dairy, with a milestone to shift 2.9 billion liters from dairy to Oatly by 2025, thereby saving up to 2.5 million tonnes of CO₂e. And beyond our products, Oatly believes that transforming the food industry is necessary in order to face some of humanity's greatest challenges across climate, environment, health and lifestyle. We believe the Oatly brand has become one of the strongest voices that stands for what consumers care about – in particular, sustainability and health.

¹⁰ Clark, M. A. et al. (2020). "Global food system emissions could preclude achieving the 1.5 and 2 C climate change targets." *Science*, 370(6517), 705-708. <https://www.science.org/doi/10.1126/science.aba7357>.

¹¹ Steiner, A. et al. (2020). *Actions to transform food systems under climate change* (No. 138-2021-1490). <https://ccafs.cgiar.org/resources/publications/actions-transform-food-systems-under-climate-change>.

¹² Searchinger, T. et al. (2019). "Creating a sustainable food future: A menu of solutions to feed nearly 10 billion people by 2050." https://agritrop.cirad.fr/593176/1/WRR_Food_Full_Report_0.pdf.

¹³ Willett, W. et al. (2019). "Food in the Anthropocene: the EAT-Lancet Commission on healthy diets from sustainable food systems." *The Lancet*, 393(10170), 447-492.

¹⁴ Poore, J. and Nemecek, T. (2018). "Reducing food's environmental impacts through producers and consumers." *Science*, 360(6392), 987-992. <https://doi.org/10.1126/science.aag0216>.

¹⁵ Rööß, E. et al. (2017). "Greedy or needy? Land use and climate impacts of food in 2050 under different livestock futures." *Global Environmental Change*, 47, 1-12. <https://doi.org/10.1016/j.gloenvcha.2017.09.001>.

Of course, an oat drink company can't create a global shift in the short amount of time and on the scale needed on our own. We need to continue to work with other businesses, NGOs, chefs, baristas, healthcare professionals, retailers, decision-makers, community leaders, youth, scientists and consumers to support as many people as possible in their shift toward more plant-based diets. With our voice and initiatives, we want to empower this change. (For more information, visit [Ashley's To-Do List.](#))

But how? What are we doing, really? Here are some highlights from 2021:

Climate footprint declaration - Europe

Part of driving a plant-based revolution is providing information about our products so consumers can make informed decisions about what to eat. There are regulations governing the labelling of nutrition information on food products but no regulations requiring the declaration of a food product's climate footprint. We believe all companies should provide greater transparency into their climate impact. That is why we declare the climate impact (kg CO₂e/kg) of our products in Europe, and plan to expand this to other regions in the future. (For more information, visit our [website.](#))

In 2021, we published the product climate footprints of 128 products in Europe, representing all Oatly products produced for the European market on a consistent basis throughout the year.¹⁶

Together for carbon labeling (TCL) - Germany

In September 2021, together with other food brands, NGOs and scientists in Germany, we officially launched the transparency initiative TCL to develop a scientifically based standardized and product-specific CO₂e calculation and communicate it transparently within the food industry. Technical working groups will advance specific topics in 2022, and a scientific advisory board will guide the initiative.

Product innovation - United States

Our innovation goal has always been to offer the best possible plant-based drinks and other products for humans and our planet. With our focus on building a broad and relevant product portfolio within plant-based dairy, we continue to explore and enter new product categories, helping make the switch

¹⁶ Does not include products produced in Europe for markets outside Europe or products produced for private labels or on a very limited basis (making up 0.5 percent or less of the product volume total). The GHGs are aggregated to CO₂e using the IPCC Global Warming Potentials over 100 years. Carbon Cloud uses AR5, and Defra uses AR4 and AR5.

to plant-based easy. In 2021, we expanded our product portfolio, launching and updating dozens of oat products. One brand-new product was an exciting achievement: soft-serve frozen dessert in the U.S. The Innovation team focused on delivering a product with a rich and creamy texture, comparable to dairy soft serve. (Yum!)

Customer collaboration - China

In China, we supported large retail customers as they worked to build consumer awareness of the climate footprints of food products. Collaboration with major global customers helps highlight the impact of food production and consumption on the planet and socializes the concept of product climate footprints.

Silent barista update - China

You might remember us telling you about our Silent Barista Program in China in the 2020 Sustainability Update. In case you missed it, this program offers people with hearing loss vocational training and supports them to become qualified baristas. This project is an important example of how Oatly is working to build a more diverse and inclusive plant-based movement. The project celebrated its one-year anniversary in September 2021 with a silent latte-art contest at the Shanghai Lujiazui coffee festival. In total, the program has trained 102 Silent Baristas. The project will continue in 2022.

The New Normal campaign - Finland

In Finland, we launched the New Normal campaign to show that there really is no alternative to making plant-based products the norm. We wanted to help the reported 43 percent of Finns who want to eat more plant based to do so.¹⁷ Because what's stopping them? Our guess is the norms, which is why we took the challenge of trying to change the idea of what is seen as normal. Through paid media, we reached 80 percent of the Finnish population with information on plant-based food and kept busy answering more than 1,500 comments. We hosted a digital "cookalong" as well as collaborated with 28 food and non-food people including chefs, food bloggers, recipe banks and lifestyle and societal influencers. Through the collaborations, we managed to inspire people to challenge the norms and drove an important discussion about the change to a more plant-based diet.

¹⁷ Verso Food: Beanit Food Survey 2021. (Available: https://www.beanit.fi/wp-content/uploads/2021/02/Beanit_ruokakysely_raportti_100221.pdf).

Early-bird activists - Netherlands

In the Netherlands, we challenged people to re-think breakfast. We recognized a new category of people – the Early-Bird Activists – who are willing to help the climate and make small, heroic, plant-based changes in their morning eating habits. Working with cafés, retailers and other partners, we encouraged people to reduce their climate impact by switching to a plant-based diet, and gave a badge of honor to all those part-time climate warriors making a difference for Planet Earth, one breakfast at a time. ([Eat More Sustainably at Breakfast](#))

FareShare food partner - United Kingdom

In the UK, we're a leading food partner of FareShare, a network of charitable food organizations fighting food hunger and tackling food waste by redistributing surplus food to frontline charities and community groups. In 2021, Oatly UK donated a significant 53.8 tonnes of surplus plant-based product to 1,929 charities and contributed toward 128,000 meals for vulnerable people.

Sustainable Artist Grammis Award - Sweden

In Sweden, we sponsor a Grammis award (that's not a typo, but the Swedish version of the "Grammys") to the most sustainable artist of the year. To truly combat the climate crisis, we need inspiration and idols. In this, music plays a big role. We want to support artists using their voice and time in the spotlight to fight the climate crisis. In 2021, the winner was Stefan Sundström, who impressed the jury with his sustainable tours, anti-flight initiative and lyrics and stage art discussing the sustainability crisis. Congrats to Stefan!

COP26

Oatly participated in the UN Climate Change Conference COP26, even though food wasn't on the main agenda – or rather, because it wasn't. Food accounts for about a third of the world's total GHG emissions.¹⁸ So that's exactly why Oatly headed to Glasgow in 2021 to join with other thought leaders to discuss how companies can help transform agriculture and call for governments to take action to cut carbon in the food sector. So in the end, food ended up on the discussion table anyway. Even before the conference started, Oatly had supported plant-based alliances in several countries around the world in the UN's Call for Action to national governments to advocate for predominantly plant-based food systems in their emission-reduction strategies. Now,

¹⁸ Crippa, M. et al. "Food systems are responsible for a third of global anthropogenic GHG emissions." *Nat Food* 2, 198-209 (2021). <https://doi.org/10.1038/s43016-021-00225-9>.

wouldn't it make a lot of sense to transform the next climate conference, COP27 in Egypt, into the "Food COP"? We think so.

Nutritional health & sustainable eating

One of the biggest global challenges is to feed the world's growing population with healthy food without damaging the planet. We recognize that to help solve that challenge we need to inform as many people as possible about the effects food choices have on health as well as the planet (obviously). During 2021, we launched an internal e-learning "Nutrition and Health" program, making nutrition training available for all our employees on-demand. We also supported an international symposium, "Shifting our Food Systems for Health and Climate," which attracted professionals from 42 countries. Lastly, we re-launched our Swedish health professional newsletter, the first issue going to 5,800 health professionals.

Plant-based alliances

We know we cannot challenge norms and drive a societal shift toward plant-based eating on our own, so we partner with several plant-based organizations and alliances such as Plant-foods Sweden, Plant-based Food Alliance (UK), Plant-Based Foods Association (U.S.), the European Alliance for Plant-based Foods and the European Plant-based Foods Association (EU). In these alliances, we join forces with like-minded organizations and companies to speed up the transition we believe is necessary, and advocate for policies and regulations that foster a level playing field for plant-based food.

Conclusion

Even though our growth undeniably has brought challenges with respect to our short-term corporate climate footprint, we are determined to identify innovative sustainability solutions to these challenges and continue to work toward our 2029 sustainability ambitions. We believe the actions we are putting in place and planning today should help us continue to drive the plant-based revolution and make a positive impact on people and the planet.

SUSTAINABILITY GOVERNANCE

Governance

Our governance and ethics programs are grounded in our mission and core values of health and sustainability. We are committed to conducting our business with integrity and in an ethical and socially responsible way, through sustainable business practices and various programs committed to

sustainability, human rights and compliance, which we regard as essential to maximizing stakeholder value while enhancing community quality and environmental stewardship and furthering the plant-based movement around the world.

Implementation of our sustainability initiatives, including publishing this sustainability report, requires commitment and investment across the company – and we consider it essential to achieve our mission.

Our parent company board of directors sets high standards for the group's employees, officers and directors. Implicit in this philosophy is the importance of sound corporate governance to ensure our sustainability work and all other work is performed in an ethical and lawful manner. It is the duty of the board to serve as a prudent fiduciary for shareholders and to oversee the management of the company's business.

At the end of 2021, our parent company board was composed of 13 directors. Out of these directors, 9 identify as male and 4 identify as female. There are no directors under 30 years old, 3 are between 30 and 50 years old and 10 are over 50 years old. Within the board of directors, 6 identify as Asian and 7 identify as white.

Doing business at Oatly

At Oatly, we take ethics and our relationship with stakeholders seriously and see it as critical that all employees and governance body members respect and act in accordance with our steering documents.

In 2021, we had no reported cases of incidents of corruption, no confirmed incidents in which employees were dismissed or disciplined for corruption and no confirmed incidents of contracts with business partners being terminated or not renewed due to violations related to corruption. Additionally, we had no public legal cases regarding corruption brought against Oatly or its employees during the reporting period.

In May-June 2021, all Oatly employees, line consultants and directors on the board received communication about the following policies. New hires received these e-learnings during the onboarding process throughout the rest of the year.

- Business Conduct and Ethics Guidelines - Applies to all the company's officers, directors and employees and are intended to provide guidance in the event of a concern regarding business conduct or ethical standards. The guidelines cover issues such as conflicts of interest; competition and fair dealing; gifts and entertainment; compliance with

laws and regulations (including interactions with government officials), but the guidelines also note that not every situation can be addressed and directors, officers and employees should make a report if they feel uncomfortable about any situation. The guidelines make it clear that directors, officers and employees are expected to report any known or suspected breaches of these guidelines and the company maintains an anonymous whistleblower hotline.

- Anti-Bribery and Corruption Policy - Applies to all the company's officers, directors, employees (whether full-time, part-time, fixed-term or temporary), consultants, agents, joint-venture partners and other intermediaries or third parties acting on behalf of Oatly. This policy is applicable to all of Oatly's operations worldwide and states the key definitions of "bribe" and "corruption" in countries where Oatly has a role, the responsibility of Oatly and its affiliates, employees, etc. and the penalties, disciplinary actions and reporting duties that may follow. Further, there is a specific section pertaining to the Foreign Corrupt Practices Act ("FCPA") and the UK Bribery Act ("UKBA") which prohibits the company and the employees/directors/agents from offering, giving or promising money or any other item of value, directly or indirectly, to win or retain business or to influence any act or decision of any government official, political party, candidate for political office or official of a public international organization.
- Whistleblower Policy - Is intended to help promote a culture that encourages our employees, contractors and other third parties to come forward if they have concerns or suspicions about illegal practices or serious violations of policies adopted by the organization. It also specifies that the organization will protect from retaliation any person making a good-faith report and identifies different channels where such information can be reported. Whenever a report is made, the case investigation is managed by legal and People & Transformation, and critical concerns are communicated to the Executive Management Team. (For more information, visit whistleblower.oatly.com.)
- Sanctions Policy - Is intended to keep us (and those working on our behalf) from violating sanctions or laws and describes the controls we need to follow to stay in compliance.
- Code of Conduct - Sets out our company values and requirements on key issues such as human rights, working conditions and anti-corruption. It is based on the principles of the Universal Declaration of Human Rights, the International Covenant on Civil and Political Rights, the International Covenant on Economic, Social and Cultural Rights, the International Labour Organization's (ILO) eight Fundamental Conventions

and the UN SDGs. (For more information, see Oatly [Code of Conduct](#).)

- Environmental Policy - Outlines our aim to have an overall positive impact on the planet and to work toward minimizing our negative impacts through the efficient use of sustainable raw materials and energy. The policy is available for employees to view on our internal intranet.

Risks and risk management

The following table represents a sample of selected sustainability risks Oatly has identified through our enterprise risk management process, and some examples of mitigating activities:

Risk category	Sustainability-related risks	Mitigating activity examples
Environment /Climate Change	Physical climate change impact to raw material supply: Physical climate change impacts may negatively affect agricultural production of oats or decrease availability of water and other inputs necessary for our products. This could lead to less-favorable pricing or otherwise adversely impact our manufacturing and distribution operations.	We are working with suppliers, farmers and agronomists in key markets on partnerships and pilot projects to research regenerative practices for growing oats. These practices have the potential to increase the availability and resilience of our oat supply. We are also working on water-efficiency measures in our factories to reduce water use.
Environment /Climate Change	Policies and regulations in the transition to a lower-carbon economy: New policies and regulations in markets where Oatly operates could pose additional legal or regulatory requirements related to GHG emissions reporting, carbon pricing, mandatory emission limits or reduction targets, presenting additional business costs.	We continue to improve on our sustainability reporting, including GHG emissions reporting. We have set a full value chain GHG emission-reduction target that covers scopes 1, 2 and 3 GHG emissions, and are working to develop GHG emission-reduction strategies.
Human Rights and	Non-compliance with laws and regulations or Oatly Code of Conduct: If Oatly staff,	Our new hires undergo training on Business Conduct and Ethics Guidelines, and we regularly

Anti-corruption	suppliers or co-manufacturers fail to comply with ethics, food safety, environmental, human rights or other laws and regulations, or face allegations of non-compliance, our operations may be disrupted.	communicate our related policies to staff. Additionally, we expect that our suppliers and production partners either commit to comply with our code of conduct or present their own, with a standard at least equal to ours.
Social	Brand image and reputation harmed by not meeting investor, customer or consumer expectations: Our business faces increasing scrutiny related to environmental, social and governance issues. The standards by which sustainability matters are evaluated are developing and evolving. If we fail to meet applicable standards or expectations, our reputation and brand image could be harmed.	We have updated our internal website with guidance and resources for our employees on how to communicate on sustainability issues. We continue to improve on our sustainability reporting to build awareness of sustainability issues and relevant Oatly impacts.
Employees	Cultural change: As we grow, it may be more difficult to preserve our culture and core values or focus on our mission, which could negatively affect our ability to both retain and recruit personnel and effectively focus on and pursue our corporate objectives.	We have implemented guiding principles throughout the company and established leadership training to reinforce our values and understanding of agile ways of working.

REPORTING PRINCIPLES

Reporting principles

The Oatly sustainability reporting process focuses on the most important sustainability areas for Oatly and the impact Oatly has together with the

impact sustainability has on Oatly. Oatly regularly reviews stakeholder expectations and presents relevant information aligned with three sustainability pillars of action (see page 13). Our report follows the requirements of the Swedish Annual Accounts Act. Oatly is a listed company in the U.S. but not in the EU market and is therefore not required to report on the new EU Taxonomy regulation for 2021. Oatly's GHG emissions are reported in accordance with the Greenhouse Gas Protocol.

Data boundaries

Unless otherwise stated, the consolidated figures expressed in this report relate to Oatly AB. References to our "parent company" refer to Oatly Group AB. The scopes 1 and 2 energy figures include our production factories and offices, and Scope 3 includes our production partners. (For more details, see pages 49-50.) Most of the data is collected and consolidated via the application Worldfavor. The reporting units sign off the reported data, are responsible for reporting correct information and are not within our control. We follow the GHG Protocol principles in managing environmental and energy reporting related to acquisitions, divestments and closures, if any. This means that, when necessary, figures for historical performance are recalculated related to our baseline figures. All closed units are included in the environmental and energy targets and calculation baselines, as per internationally accepted rules. The number of employees is at December 31, 2021, and excludes all consultants and includes both part- and full-time employees.

The health and safety figures include only Oatly employees at our factories, not Oatly office employees or contractors. Our financial figures are retrieved from the company's financial reporting as applicable.

STATEMENT FROM THE AUDITOR

The auditor's report on the statutory sustainability report

To Oatly AB, corp id 556446-1043

Engagement and responsibility

The Board of Directors is responsible for that the statutory sustainability report as defined on page 7 has been prepared in accordance with the Annual Accounts Act.

The scope of the audit

Our examination of the statutory sustainability report has been conducted in accordance with FAR's auditing standard RevR 12 The auditor's report on 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 opinions.

Opinion

A statutory sustainability report has been prepared.

Stockholm, 16 June 2022

Ernst & Young AB

Erik Sandström

Authorized Public Accountant

Auditor's Limited Assurance Report on Oatly AB's Scope 1 and Scope 2 Greenhouse Gas (GHG) emissions

To Oatly AB, corp id 556446-1043

Scope

We have undertaken a limited review engagement of Oatly AB's Scope 1 emissions (T CO₂e) and Scope 2 emissions (T CO₂e), limited to production factories and offices, for the year ended 31 December 2021, as presented on page 16 in this document.

Management's responsibility

Oatly AB's management is responsible for the preparation of the disclosed information on Scope 1 and Scope 2 emissions in accordance with applicable criteria. The criteria consist of the Greenhouse Gas Protocol, published by the World Resources Institute and the World Business Council for Sustainable Development, as described on pages 40-41. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the information on Scope 1 and Scope 2 emissions, such that it is free from material misstatement, whether due to fraud or error.

Responsibilities of the Auditor

Our responsibility is to express a conclusion on the Scope 1 and Scope 2 emissions based on the limited assurance procedures we have performed. Our engagement is limited to historical information presented in this document and does therefore not include future oriented information.

We have conducted our limited review engagement in accordance with ISAE 3410 *Assurance Engagements on Greenhouse Gas Statements*. This standard requires that we plan and perform our engagement to obtain limited assurance about whether Oatly AB's Scope 1 and Scope 2 emissions are, in all material respects, presented in accordance with the criteria defined by Management, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error. We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited review conclusion.

Auditor's Independence and Quality Control

We have maintained our independence of Oatly AB in accordance with professional ethics for accountants in Sweden and confirm that we have complied with the requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants and have the required competencies and experience to conduct this limited review engagement.

Ernst & Young AB applies International Standard on Quality Control 1, *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Description of procedures performed

Procedures performed in a limited review engagement vary in nature and timing from, and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited review engagement is substantially less than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to

base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

The greenhouse gas (GHG) quantification process is subject to scientific uncertainty, which arises because of incomplete scientific knowledge about the measurement of GHGs. Additionally, GHG procedures are subject to estimation (or measurement) uncertainty resulting from the measurement and calculation processes used to quantify emissions within the bounds of existing scientific knowledge.

Our limited review engagement consisted of making enquiries, primarily of persons responsible for preparing the GHG reporting and related information and applying analytical and other relevant procedures.

Our procedures included:

- ▶ Conducting interviews with Oatly AB personnel on the business and reporting process
- ▶ Conducting interviews with Oatly AB personnel on the process for collecting, collating and reporting the GHG data during the reporting period
- ▶ Assessing whether the criteria defined by management has been applied
- ▶ Undertaking analytical review procedures to assess the reasonableness of the data

We also performed other such procedures as we considered necessary in the circumstances.

Conclusion

Based on the limited assurance procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Scope 1 emissions (T CO₂e) and Scope 2 emissions (T CO₂e) data, including production facilities and offices, disclosed in this report have not been prepared, in all material respects, in accordance with the criteria defined by Management.

Stockholm, 16 June 2022

Ernst & Young AB

Erik Sandström
Authorized Public Accountant

Outi Alestalo
Specialist member in FAR

APPENDIX

Stakeholders and stakeholder dialogues

Our Sustainability Plan was published in 2021 and outlines the actions we intend to take to meet our sustainability ambitions and the important steps to take toward our vision for a food system that is better for people and the planet. The plan is in part based on dialogues and interactions with stakeholders.

We regularly interact with various stakeholder groups, as described below.

Type of stakeholder	Main purpose of engagement	How Oatly engages with stakeholder
Suppliers (e.g., production partners, oat suppliers, third-party partners)	Collaborate to drive food shift, mitigate supply-chain-related sustainability risks	Projects with farmers to drive agricultural innovation and resource efficiency, due diligence of suppliers (e.g., through self-assessments)
Customer (e.g., retail, wholesale and coffee shops)	Drive partnership improvement, ensure customer satisfaction	Sales team interactions
Non-Governmental Organizations (NGOs)	Raise awareness, input of technical sustainability risks and opportunities; ensure social license to operate	Project collaborations, partnerships, ad-hoc dialogues and meetings
Academia (e.g., researchers/scientists)	Drive farming and product innovations, inform sustainability ambition	Funding of, or collaboration in, research and scientific projects, interpretation of research findings
Consumers	Raise awareness of consumer trends and shifting preferences, ensure consumer satisfaction	Consumer relations team on social media, etc.

Co-workers	Ensure healthy and safe working conditions, drive employee satisfaction	Employee surveys, regular engagements
Investors	Communicate operational and financial status, ESG initiatives	Investor relations (reports, meetings, etc.)
Policymakers	Engage on relevant legislation or policies to level the playing field for plant-based products	Education and advocacy
Industry peers	Drive improved sustainability standards within the industry and production	Thought leadership dialogues; participation in events, panels, etc.

SDG Table

SDG	SDG-relevant target	Oatly impact and key contribution in 2021
2. Zero Hunger	2.4 Sustainable food production and resilient farming practices	As the supply of agricultural raw materials is central to our business, and where our company has the greatest impact, we aim to support farmers with restorative and regenerative agricultural practices, as described in the Food System section.
3. Good Health and Well-being	3.4 Reduce the number of deaths caused by non-communicable diseases and promote mental health and well-being	Diet is a major driver of non-communicable diseases, and nutritional health is at the core of who we are and what we stand for as a company. During 2021, we made nutrition training available for all our employees through our internal “Nutrition and Health” e-learning. We also supported an international symposium “Shifting our Food Systems for Health and Climate” and relaunched our health professional newsletter to reach people outside our company.

<p>5. Gender equality</p>	<p>5.1 Eradicate discrimination against women and girls</p> <p>5.5 Ensure the full participation of women in leadership and decision-making</p>	<p>As a company, we have great potential to influence and create conditions that foster equality. In 2021, we created Oatly Women+, a safe space for people who identify as women to connect and share experiences specific to them, and to ensure and facilitate gender equity within the organization.</p> <p>We also work to ensure that our recruitment process is inclusive. See Future Company - People, Recruitment section.</p>
<p>6. Clean water and sanitation</p>	<p>6.4 Streamline water use and safe water supplies</p>	<p>We're actively working to use water more efficiently at our Oatly factories to reach our commitment to reduce our water withdrawal per liter of Oatly produced by at least half between 2019 and 2029. Our factories that have been in operation since at least 2019 continue to make progress.</p> <ul style="list-style-type: none"> • Landskrona, Sweden, reduced water use by 18% since 2019 • Millville, New Jersey, U.S., reduced water use by 74% since 2019 • Vlissingen, Netherlands, reduced water use by 53% since 2019
<p>7. Affordable and clean energy</p>	<p>7.2 Increase the global proportion of renewable energy</p>	<p>We work to ensure that our energy use is resource efficient, and that the energy comes from renewable sources as much as possible. In 2021, our two factories in the U.S. sourced 100% renewable electricity, taking an important step toward our renewable energy ambitions.</p>
<p>8. Decent work and economic growth</p>	<p>8.5 Full employment and decent working conditions with equal pay for all</p>	<p>As employers and purchasers, we want to create a safe workplace where people thrive, and push for a value chain where human rights are respected. In 2021, we conducted Health and Safety workshops with leadership teams and factory employees and conducted self-assessments to identify improvement areas.</p>

	8.8 Protect workers' rights and foster a safe and secure working environment for all	In 2021 we employed Ecovadis as a tool to monitor suppliers' sustainability performance and updated global standards to our suppliers to provide clear accountability and performance evaluation guidelines.
12. Responsible production and consumption	12.5 Substantially reduce waste generation through prevention, reduction, recycling and reuse 12.8 Increase public awareness of sustainable lifestyles	In 2021, we repurposed or recycled 100% of the largest waste/byproduct stream at our factories: oat fiber residue. We are using our voice and initiatives to empower change, influence policy and human behavior and galvanize the global movement toward a plant-based food system. We launched campaigns to increase awareness of the sustainability impacts of eating habits and advocate for climate transparency and climate footprint declarations for food.
13. Climate action	13.3 Increase knowledge and capacity to cope with climate change	Climate change is one of humanity's greatest challenges. We are supporting people in their shift to more plant-based diets through our campaigns and calculations for individual product climate footprints to empower consumers to make sustainable food choices and understand the climate impacts of plant-based and animal-based foods. In 2021, we published the product climate footprint of more than 100 Oatly products in Europe and worked to measure and identify solutions to reduce our corporate climate footprint.

General Reporting Notes

General	
<p>Sources for the majority of the emission factors come from Carbon Cloud or the UK's Defra (Department for Environment, Food and Rural Affairs). When emission factors were not available in our primary sources, the ecoinvent database was used. The sources for the residual electricity mixes from Defra are based on multiple providers depending on the geography. For Europe, they come from the AIB (Association of the issuing bodies); North America's values are based on NPCC (Northeast Power Coordinating Council) and WECC (Western Electricity Coordinating Council); and values for Asia are based on IGES (Institute for Global Environmental Strategies). Some Scope 2 emission factors were not available from the aforementioned sources, and therefore the full LCA rate was the applied emission factor.</p>	
Scope 1	
Energy	<p>Includes energy from Oatly production sites.</p> <p>Company vehicles (those that are controlled by Oatly through leases) are reported as part of business travel in Scope 3 due to difficulties in accessing data and split it out in different scopes.</p>
Refrigerants	<p>No leakage or refills reported during 2021 from Oatly production sites.</p>
Scope 2	
Electricity	<p>Includes electricity (actual or estimated) from Oatly production sites and offices.</p> <p>Oatly offices with fewer than 10 employees are excluded since most of them are in co-working office locations with limited possibilities to get correct data. Impact considered to be insignificant.</p> <p>Malmö and Amsterdam offices are estimated due to lack of data.</p> <p>Central estimations are performed for Malmö by taking the average for the electricity for the 2 months it could provide evidence for and adjusted for lower usage due to pandemic. Amsterdam is estimated to be as much as last year with a small reduction due to the pandemic.</p>
Scope 3	
Purchased goods and services	<p>Emissions from production partners (energy, refrigerants, electricity, steam, district heating and cooling, and well to tank) are included in this category.</p> <p>Data is estimated for ingredients and packaging materials associated with approximately 9% of total production.</p> <p>Estimations are based on what type of products have been produced, the produced volume and the material specification from a similar product made in-house and estimates of the amount of materials used.</p>

	<p>Data is estimated for production partner electricity associated with 1% of total production volume. Estimation is done by using the energy intensity per produced volume of a similar production facility and calculated energy consumption through the produced volume.</p> <p>Data is estimated for production partner steam and district heating and cooling corresponding to 0.01% of total production volume. The same method for estimation as for production partner electricity is used.</p>
Packaging material	Includes primary and secondary packaging material.
Fuel and energy-related activities	Includes well-to-tank emissions for Oatly production sites.
Waste	Includes waste from Oatly production sites and offices, production partners, and warehouses. Some waste data is estimated.
Transportation and distribution	Includes upstream and downstream transportation and warehouse electricity. A minor portion of the data is estimated. The estimations are done through the locations of the origin country, manufacturing country and production site delivered. Through those locations the average route is estimated and calculated.
Business Travel	Includes data for business travel for all Oatly employees.
General reporting notes	
Electricity	Market-based emission factors are used.
Oatly Ma'anshan production site	Production site was in commercial production at the end of 2021. Trial production is excluded from reporting.
Oatly Singapore production site	Production site was in commercial production during 2021. Trial production is excluded from reporting.
Production partner sites	Data is calculated based on percentage of total Oatly share of production within the respective production sites.
Oat fiber residue	Oat fiber residue is a byproduct of Oatly's production process. Oatly's policy is to transfer the oat fiber residue to external markets, including for animal feed or renewable energy. The residue is therefore not disposed of as waste. As a result, we assume the oat fiber residue is exiting Oatly's system boundaries as a byproduct and entering the boundary of another system. Therefore, emissions associated with the further utilization of the oat fiber residue is out of scope for Oatly's GHG inventory.