

**OATLY  
SUSTAIN-  
ABILITY  
UPDATE  
2023**



**OMG! IT'S  
ACTUALLY  
BETTER  
THIS TIME.**

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## ABOUT THIS REPORT

This report was conducted by Oatly Group AB, 559081-1989 for the financial year of 2023.

The purpose of this annual report is to provide both details regarding Oatly's sustainability efforts and a deeper understanding of and reflection on 2023 performance with respect to environmental, social and governance factors.

This constitutes Oatly Group AB's statutory sustainability report for the financial year 2023 in accordance with the Swedish Annual Accounts Act. Our external auditors, EY, have assessed the statutory sustainability report and conducted a limited review of Oatly's Scope 1 and Scope 2 emissions. Please see the auditor's opinion on page 53 and the limited assurance report on page 54.

### **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. In particular, statements contained in this Sustainability Report that do not relate to matters of historical fact should be considered forward-looking statements, including, without limitation, statements regarding our future business expectations and expectations about the industry; any sustainability targets and goals, including with regard to diversity and inclusion, planned activities and objectives; our strategic priorities and objectives; as well as statements that include the words "expect," "intend," "plan," "will," "believe," "estimate," "may," "should," "anticipate" and similar statements of a future or forward-looking nature. 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 US 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. Further, this Sustainability Report may contain information that is not necessarily "material" under federal securities law for US Securities and Exchange Commission reporting purposes, but it is informed by various environmental, social and governance standards and frameworks and the interest of various stakeholders.

# INTRODUCTION TO OATLY AND THE STUFF ALL COMPANIES ARE REQUIRED TO SAY IN EVERY REPORT

## WHO WE ARE TODAY

We are the world's original and largest oat drink company. For over 25 years, we have focused on developing expertise around oats – a global power crop with inherent properties suited for sustainability and human health. Our commitment to oats has resulted in core technical advancements that have enabled us to unlock the breadth of our dairy portfolio, including milks, ice creams, yogurt, cooking creams, spreads and on-the-go drinks.

We are seeking to drive the global food system toward more plant-based production and consumption, striving to replace one dairy product at a time by making it easy for people to eat better without recklessly taxing the planet's resources. This focus on sustainability is a mindset that permeates our company and helps us navigate every business decision.

## HOW WE GOT HERE

Back in the early 1990s, at Lund University in the south of Sweden, scientists explored the mechanisms behind lactose intolerance and its effects on people. They set out to find a nutritious and sustainable dairy alternative with a taste that would make people consider switching from traditional dairy. They found the solution in the base crop of oats, which are generally globally plentiful and familiar across cuisines, require lower-input resources relative to livestock, and contain healthy fiber.<sup>1</sup> The scientists pioneered and perfected a process to use natural enzymes to break down fiber-rich oats into liquid food.

Fast-forward more than 25 years through a lot of hard work and growth and, in May 2021, 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 largest shareholders continue to be Nativus Company Limited, jointly owned by China Resources and Verinvest, and Blackstone Funds, with the remaining ownership becoming decentralized toward institutional investors in the market.

## WHERE TO FIND US

Visit our headquarters at Gjuteriet, Ångfärjekajen 8, 211 19 Malmö, Sweden. We also lease regional offices in other locations, including London, Berlin, Helsinki, Amsterdam, Paris, Philadelphia, Shanghai, Singapore and Hong Kong.

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<sup>1</sup> Biörklund, M. et al., 2005 Changes in serum lipids and postprandial glucose and insulin concentrations after consumption of beverages with beta-glucans from oats or barley: a randomized dose-controlled trial, Eur J Clin Nutr. Nov; 59(11):1272-81.

We lease a product development center in Philadelphia, Pennsylvania, and a science and innovation facility in Lund, Sweden.

Globally, as of December 31, 2023, we have six Oatly factories in operation. We currently own an end-to-end factory in Landskrona, Sweden, and an oat base factory in our Millville, New Jersey, factory. We lease one end-to-end factory in Ma'anshan, China, and three factories for hybrid production: one in Vlissingen, the Netherlands, one in Ogden, Utah, and one in Singapore.

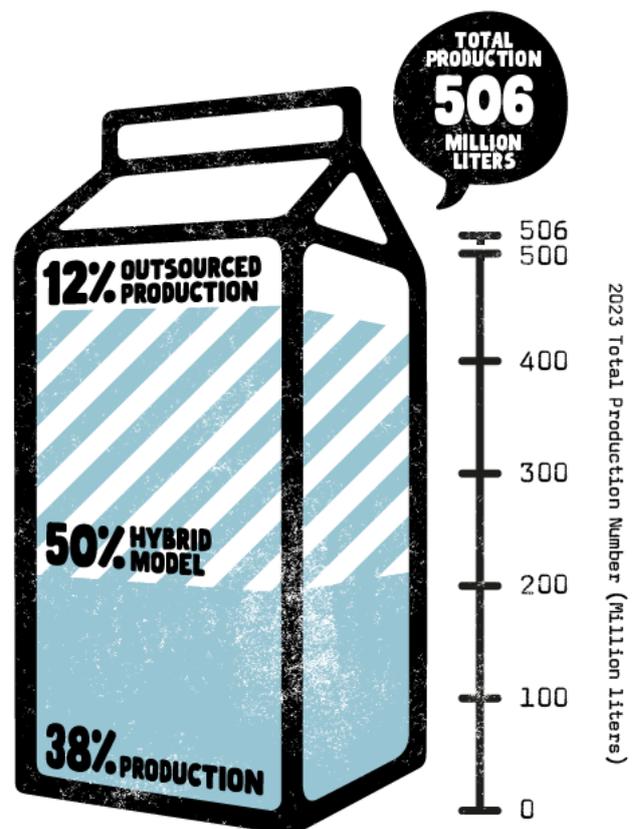
In 2023, we produced approximately 506 million liters of Oatly, a decrease of approximately 2 percent compared with 2022. Approximately 38 percent of this production was through our Oatly-operated end-to-end factories, 50 percent was made through a hybrid model in which an Oatly-operated oat base factory teams up with a nearby or co-located production partner that finishes and packages our products, and 12 percent was made by outsourcing through different production partners, most of which create finished products from oat base received from an Oatly factory. A small number of production partners are also manufacturing oat base.

In late 2022, we announced a more asset-light strategy, focusing our approach on Oatly's proprietary oat base technology and capacity and actively linking with production partners to create a hybrid production network across select geographies. As we began to implement this asset-light strategy, in 2023, we transitioned our Ogden factory from end-to-end to a hybrid production site.

## WHY WE EXIST

We want to be a positive driving force in changing what is an outdated food system. 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

## OATLY PRODUCTION, BY TYPE



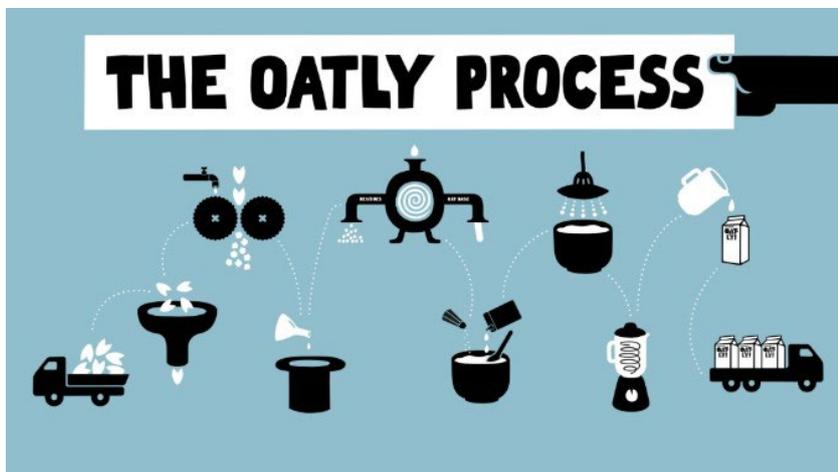
such as water, is a significant driver of global greenhouse gases (GHGs) and can harm biodiversity.<sup>2,3</sup>

According to a recent study, Oatly Barista across our key markets has a consistently lower or comparable impact than average cow's milk in nearly all environmental impacts assessed (7 out of 9).<sup>4</sup> 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 people and the planet.

## OATLY'S VALUE CHAIN — EVERYTHING STARTS WITH FARMERS

We strive to ensure our strategic decisions, such as where we make our products and with whom we partner, are underpinned by sustainability and stakeholder considerations. We would not be Oatly without farmers cultivating the oats and other key ingredients we need for our products. 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.

We have a commercial presence in Europe, the Middle East and Africa (EMEA), 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.



We are enthusiastic about our proprietary production process, in which we convert oats to a liquid oat base, add various ingredients and heat-treat to create our final Oatly products — which are made with both the health of our planet and the people living on it in mind.

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

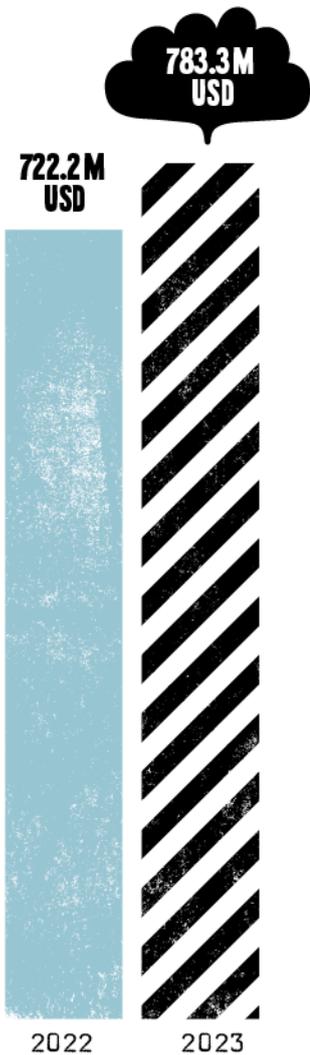
<sup>2</sup> Ritchie, H. and Roser, M. (2020), "Environmental Impacts of Food Production," Published online at OurWorldInData.org. Retrieved from: <https://ourworldindata.org/environmental-impacts-of-food>.

<sup>3</sup> Intergovernmental Panel on Climate Change (IPCC), Mbaw, 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](https://www.ipcc.ch/site/assets/uploads/sites/4/2019/11/08_Chapter-5.pdf).

<sup>4</sup> Environmental impacts: *Climate change, fine particulate matter formation, terrestrial acidification, freshwater eutrophication, marine eutrophication, water consumption, and land use*. Derived from: Blonk Consultants (2022), LCA of Oatly Barista and comparison with cow's milk. Stages include raw material to point of sale and packaging waste management for average L produced and sold in the US, Sweden and the Netherlands and sold in Germany, Finland and the UK.

# 2023 OATLY IN NUMBERS

## REVENUE



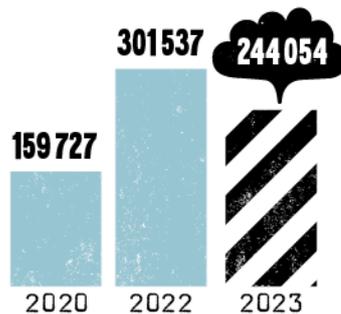
## VOLUME OF FINISHED GOODS PRODUCED (L)



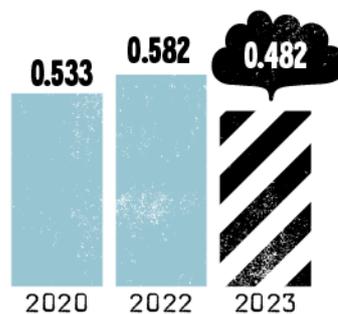
## VOLUME OF FINISHED GOODS SOLD (L)



## 2023 TOTAL CORPORATE CLIMATE FOOTPRINT (T CO<sub>2</sub>e)

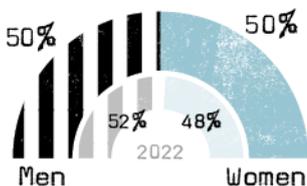


## 2023 CLIMATE IMPACT PER PRODUCED LITER (KG CO<sub>2</sub>e/L)

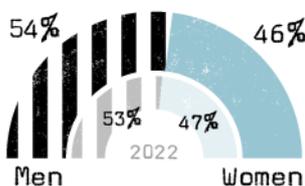


## 2023 GENDER DISTRIBUTION

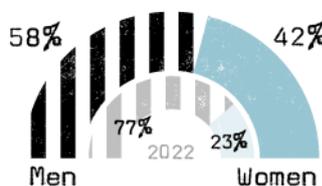
### ALL EMPLOYEES



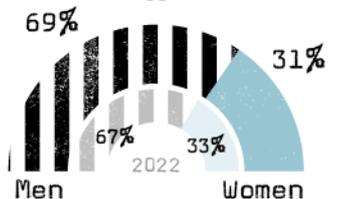
### TEAM MANAGERS



### EXECUTIVE TEAM



### BOARD



## CEO STATEMENT

2023 provided us with one of the biggest and most dangerous paradoxes of our times when it comes to the future of our planet.

On one hand, the World Meteorological Organization said 2023 was – definitively – the warmest year in history,<sup>5</sup> and a UN report indicates that one quarter of humanity is drought-stricken as a direct impact of climate change.<sup>6</sup> On the other hand, we are also witnessing pockets of “climate fatigue” – the loss of tailwind for needed necessary changes, with some governments pulling back from commitments and “sustainability” being tagged as corporate jargon that excuses the status quo and no longer represents its essence of “sustain” “ability” (meaning the ability to sustain life on a healthy planet).

This context creates a unique place and duty for us in human history when discussing climate change: we are among the first generation of leaders who won't be able to say, “We did not know,” AND we are also perhaps the last generation of leaders who can still act decisively to initiate a reversal of the trend. And this reversal will only happen if we create change throughout the food system, including individual behaviors, agricultural transformation, policies and subsidies – quite a challenge! We therefore believe it is time for action.

Part of what we believe makes Oatly so special is our mission to make products that reconcile the ideals of being healthier for humans and healthier for the planet. Indeed, these two concepts are closely interlinked: if something that's good for you isn't good for the planet, is it really good for you?

This is the context in which we are sharing our 2023 Sustainability Report. Beyond our obligations to report, we consider this an opportunity to publicly measure – with humility and determination – our areas of progress, as well as our challenges.

Let's start by identifying the promising progress made by Oatly teams across the globe. As you will read in the coming pages, we report an approximately 17 percent decrease in our climate impact per liter produced in 2023 compared with 2022. This is the second downward year in a row. As a tribute to the efforts made to get there, this performance only happened because of the end-to-end mobilization of our teams – from sourcing of raw materials and packaging to all production sustainable drivers; from logistics to our co-packer relationship management. All of them contributed to this reduction! It also clearly reflects strategic structural decisions such as the maturation of local supply networks to limit our transcontinental transportation of finished products. This is fueling our determination and courage to continue to advance our mission in concrete,

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<sup>5</sup> [WMO confirms that 2023 smashes global temperature record.](#)

<sup>6</sup> Daniel Tsegai et al. (2023), Global Drought Snapshot 2023 United Nations Convention to Combat Desertification.

measurable ways – for our employees, their families, our customers and suppliers, our consumers, our children and our grandchildren!

Beyond our own products, Oatly's mission is to drive a transformation of the global food system into one that is better for people and planet – and in doing so contribute solutions to the interlinked planetary crises affecting not only human health but also planetary health. As a tangible example of how we are leveraging our progress to contribute to changing society by informing consumer behavior, in 2023, we completed a number of new additional Life Cycle Assessments of certain products. This enabled us to add climate labels to more of our products. We strongly believe in enabling all consumers to make informed climate consumption choices. We are also inviting all other companies to join us in doing so and are engaging with governments and parliaments around the world in an attempt to make this compulsory.

Our report also calls for humility and persistence in our journey, as a number of areas still require significant effort to get to where we need and want to be. One area that remains challenging is our aspiration to drive energy efficiency in every single factory in our network. Sourcing renewable heat energy, which requires us to explore new opportunities in that field around the world, also remains a challenge. These examples confirm that we need to continue to combine strategic clarity to take the right long-term structural decisions with the tireless energy needed to improve our sustainable efficiency drivers every day and use our pioneering curiosity to explore and foster new game-changing solutions.

As there is no sustainability without people, it is important to mention that we continue to learn and progress by measuring that human dimension. Here again we share both encouraging news, learnings and challenges that require action. Regarding the learnings, in 2023, with support from an external expert consultancy partner, we completed Oatly's first Human Rights Risk Assessment. We are currently analysing the results and will use them as the basis for a clear and measurable action plan beginning in 2024. As another example of encouraging results, we also conducted a global gender equal pay analysis, the results of which actually showed a negative median pay gap. (This shows that the median female salary at Oatly is more than the median male salary at Oatly.) At the same time, despite progress, we have not yet reached the gender parity we want to see in our executive team and on our Board – so time for action!

My feelings in sharing this assessment are ones of being encouraged by both the progress our teams have made and their mobilization, while being totally determined to lead the humble efforts and resource allocations necessary to crack the remaining challenges in front of us. At Oatly, this is the way we drive our business at the service of our vision and mission.

## HIGH (AND LOW) LIGHTS

In 2023, we made promising progress in many sustainability areas, including a decrease in our overall corporate climate footprint!

Our corporate climate footprint decreased from 0.582 kg CO<sub>2</sub>e/L in 2022 to 0.482 in 2023; that's a decrease of approximately 17 percent compared with 2022 and approximately 10 percent below our 2020 baseline of 0.533 kg CO<sub>2</sub>e/L. We continue to strive toward our ambition of a 70 percent reduction from our 2020 baseline and are excited by the momentum and downward trend of the past two years.

Perhaps our biggest success of the year concerned one area of our transportation arrangements. As production in Ma'anshan increased, transportation of final products via ocean freight to Asia from our factories in Europe dropped by approximately 97 percent. In addition, our hybrid partner finished construction at our Millville factory, reducing the transportation of bulk oat base by truck in North America. These two strategic actions, combined with efforts across the globe to optimize our distribution network, reduced our carbon footprint per liter from transportation approximately 30 percent compared with 2022, bringing it 10 percent below the 2020 baseline.

That said, the transportation team is not completely off the hook — they still have meaningful work to do as we work toward 100 percent sustainable ground transportation. Our use of sustainable ground transportation (defined on page 27) for our products and materials decreased from 21 percent in 2022 to 18 percent in 2023. Working with our transportation partners around the globe to utilize more sustainable ground transportation remains a priority for us and will continue to grow in importance as we remain focused on local production and reduced ocean freight.

Our sustainable sourcing team delivered another great sustainability win in 2023, as they significantly decreased the amount of oats sourced from Finland, and in doing so drove emissions (kg CO<sub>2</sub>e/L) related to all ingredients down approximately 12 percent compared with 2022.

We continued to tick up the proportion of renewable and recycled packaging we source for our products, up another 1 percent in 2023 to 90 percent. Additionally, our packaging used in 2023 (kg/L of Oatly produced) decreased by approximately 13 percent compared with 2022 thanks to continued efforts from our packaging solutions, innovation and sourcing teams around the globe.

We continue to focus on energy efficiency at our factories, celebrating sustainability successes at certain locations while, in others, construction to increase capacity and an overall reduction of production volume remains challenging for efficiency. In 2023, we continued to

source 100 percent renewable electricity for all Oatly-operated factories and increased our sourcing of renewable electricity to include all production partners in the United States, Europe, and Singapore! Sourcing renewable heat energy for our factories remains a challenge, and we continue to work to identify opportunities in this area as we strive for 100 percent renewable energy by 2029.

In addition to our efforts to reduce our climate footprint, one of the most impactful actions Oatly takes is to promote a shift to more sustainable diets, through the provision of oat-based products. We have completed a number of studies across 2022-2024, which show that the relevant Oatly product has a lower climate impact than the comparable cow's milk product in the markets surveyed.<sup>7</sup>

To further empower a plant-based revolution and drive societal change, we continue to use our voice, engaging and educating customers, consumers, policymakers and society. This includes lobbying for mandatory climate declarations on products, publishing climate footprints for our products in new markets, such as Australia and Poland, and pushing the food industry to be more transparent through campaigns such as offering free advertising space to dairy companies if they are willing to "show us their numbers" in the UK, US and Germany (more details about these efforts and accomplishments are included throughout the report).

Of course, sustainability is about both the planet and people. That's why, in 2023, we partnered with an expert consultancy to help us complete Oatly's first Human Rights Risk Assessment. We also conducted a global gender equal pay analysis and are proud that the results indicate we have a negative median pay gap, which means that globally, female employees, as a group, earn higher wages than male employees, as a group. The gender balance of our executive team improved from 23 percent women in 2022 to 42 percent in 2023. Opportunities to improve gender and diversity balance remain, particularly among Board leadership, at Oatly.

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<sup>7</sup> According to multiple studies, certain, specific Oatly drinks have a between 44% and 80% lower climate impact than comparable cow's milk in the cases analyzed in China, Europe and United States. Blonk Consultants (2022), LCA of Oatly Barista and comparison with cow's milk; Blonk Consultants (2023), LCA of Oatly "No" Sugars and Oatly Oat Drink (Whole/Semi/Light), and comparison with cow's milk; Blonk Consultants (2023), LCA of Oatly Original and comparison with cow's milk. *Blonk Consultants (2024), LCA of Oatly Batista China and comparison with cow's milk.* Stages include raw material to point of sale and packaging waste management for average liter produced and sold in China, the US, Sweden and the Netherlands, and sold in Germany, Finland and the UK.

## OATLY'S SUSTAINABILITY PLAN

Our sustainability ambitions and goals are key to our business strategy and operations. Ultimate responsibility for our sustainability program lies with our chief executive officer, with embedded ownership of and accountability for specific goals within relevant functions led by department heads. Our Sustainability Leadership Team leads our sustainability program, establishing practices and setting goals in conjunction with accountable business leaders. Governance oversight lies with our Board of Directors. This operating model forms the basis of our approach to sustainability at our company, and our work is focused around three pillars of action, described below, that guide our sustainability endeavors.

To track progress toward our 2029 ambitions, we developed what we refer to as “to-do list items” for which we then established qualitative and quantitative metrics. These “to-do list items” are represented in tables in our report, with an indicator of how we are progressing toward achieving these important ambitions. “On track” means the work is underway and we see positive movement in the right direction. “Work in progress” (WIP) means we are determining the right approach or roadmap to achieve our goal, which we need in order to assess our progress. Finally, a quantitative measure of performance is provided, where available.<sup>8</sup>

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<sup>8</sup> The to-do list tables in subsequent sections represent truncated lists of Oatly’s Sustainability Plan “to-do’s.” For the full list, see <https://www.oatly.com/en-us/oatly-who/sustainability-plan>.

**WE WILL DRIVE A**



**Ambition 1:**

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

**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°C climate pathway.

**Ambition 3:**

By 2029, all 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 CO<sub>2</sub>e.

## OUR CONTRIBUTION TO THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS (SDGs)

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 that outlines the relevant SDG targets and our key impacts and contributions toward them.



## CORPORATE CLIMATE FOOTPRINT

*Ambition 2: By 2029, we will reduce our climate footprint per liter of Oatly produced by 70 percent,<sup>9</sup> and align that goal with a 1.5°C climate pathway.*

As a growth company, we have set an intensity-based GHG emissions target to reduce our climate footprint per liter of Oatly produced by 70 percent by 2029, from a 2020 baseline, across our full value chain (Scope 1, 2 and 3 GHG emissions) and to align our goal with a 1.5°C climate pathway. In 2022, to assess Oatly's GHG emissions target, we partnered with EcoAct, which determined that our target is consistent with a near-term 1.5°C science-aligned pathway. In 2023, we continued to explore and engage thought leaders to determine how Oatly can best engage with evolving GHG target-setting guidelines and approaches.

In 2023, our total corporate GHG emissions were 244,054 T CO<sub>2</sub>e.<sup>10</sup> Our 2023 corporate climate footprint was 0.482 kg CO<sub>2</sub>e/L, an approximately 17 percent decrease from 2022 and an approximately 10 percent decrease from our 2020 baseline.

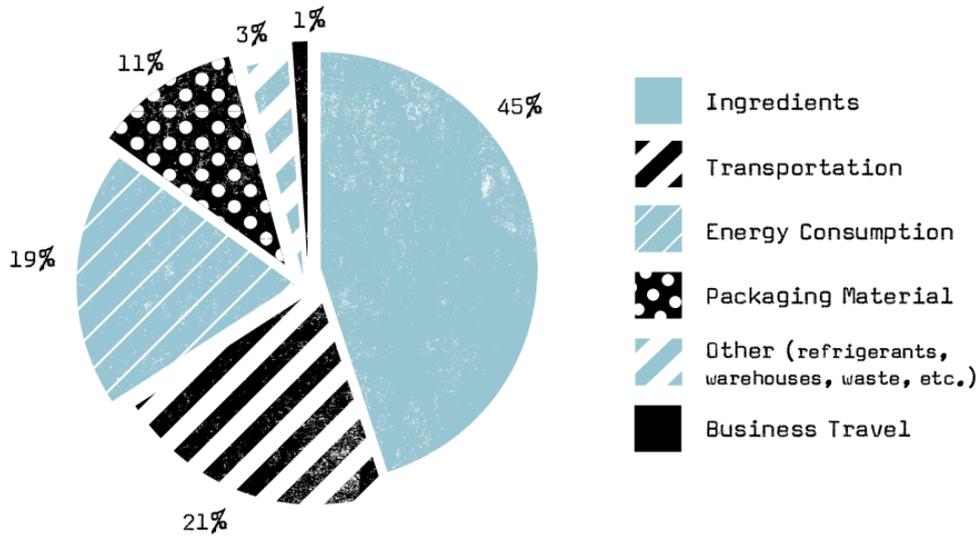
The three main drivers of our corporate climate footprint (CO<sub>2</sub>e/L) are ingredients (i.e., direct materials), transportation and energy. In 2023, the climate footprint from our ingredients and transportation both decreased compared with 2022, at approximately 12 percent and 30 percent, respectively. These reductions contributed to the overall decrease in our per-liter footprint, which dipped below our 2020 baseline for the first time. You can read more about each category in the following sections.<sup>11</sup>

<sup>9</sup> From a 2020 adjusted baseline of 0.533 kg CO<sub>2</sub>e/L.

<sup>10</sup> Includes Scope 1, 2 and 3 GHG emissions (see details in the Appendix).

<sup>11</sup> Note that energy consumption in the pie chart on the next page includes energy used at production sites (including both Oatly's and those of our production partners) and offices, equating to approximately 0.093 kg CO<sub>2</sub>e per produced liter. These energy categories are included in Scope 1, 2 and 3 in the Greenhouse Gas Emissions Table.

## 2023 DISTRIBUTION OF GREENHOUSE GASES, BY SOURCE (T CO<sub>2</sub>e)



The following chart breaks down our corporate climate footprint by GHG emissions scope, as defined by the [GHG Protocol](#).<sup>12</sup>

## GREENHOUSE GAS EMISSIONS

Metric	2020*	2022	2023
Scope 1 emissions (T CO <sub>2</sub> e)	4,260	19,269	7,284
Scope 1 emissions intensity (kg CO <sub>2</sub> e/liter produced)	0.014	0.037	0.014
Scope 2 emissions (T CO <sub>2</sub> e)	3,763	658	4,613
Scope 2 emissions intensity (kg CO <sub>2</sub> e/liter produced)	0.013	0.001	0.009
Scope 3 emissions (T CO <sub>2</sub> e)	151,704	281,610	232,157
Purchased goods and services	102,779	188,342	167,513
Fuel and energy-related activities	3,996	5,602	3,202
Waste generated from operations	243	1,041	1,299
Upstream transportation and distribution	43,935	82,991	57,060
Business travel	751	3,635	3,083
Scope 3 emissions intensity (kg/liter produced)	0.507	0.543	0.459
<b>TOTAL</b>	<b>159,727</b>	<b>301,537</b>	<b>244,054</b>
<b>TOTAL emissions intensity (kg/liter produced)</b>	<b>0.533</b>	<b>0.582</b>	<b>0.482</b>

\*2020 adjusted baseline.

<sup>12</sup> Biogenic emissions 2023 = Scope 1: 5,898 T CO<sub>2</sub>e and Scope 3: 1,770 T CO<sub>2</sub>e; Location-based emissions 2023 = Scope 2: 17,996 T CO<sub>2</sub>e

Our Scope 1 GHG emissions per liter, which made up about 3 percent of our total per-liter footprint, decreased from 2022. Our Scope 2 emissions, which are market-based, made up approximately 2 percent of our total per-liter footprint, increased from 2022. These changes are related. A couple of our oat base factories purchase steam from their hybrid partners and previously reported this as fuel use (which generates Scope 1 emissions). In 2023, we improved our data gathering process and this is now reported as purchased steam (which generates Scope 2 emissions). The accounting of this energy use in Scope 2 emissions (instead of Scope 1) resulted in an increase in Scope 2 emissions and an associated decrease in Scope 1 emissions.

Combined, Scope 1 and 2 GHG emissions per liter decreased approximately 39 percent. As we implemented our asset-light business model and transitioned our Ogden factory from end-to-end to a hybrid production site, the emissions from the finishing and packing side of the factory are now reported in Scope 3, as the energy is used by our hybrid partner instead of us. This resulted in an additional decrease in Scope 1 and 2 emissions, and an associated increase in Scope 3 emissions.

Scope 3 emissions, which made up approximately 95 percent of our total per-liter footprint, decreased approximately 17 percent from 2022 and approximately 10 percent from our 2020 baseline. This is a result of the continued decrease in the amount of final product shipped to the Asia region primarily from Europe (emissions from transportation) and a decrease in the amount of oats sourced from Finland (because Finnish oats result in higher emissions than oats sourced from other countries), among other reasons. (Additional details on the emission drivers and changes within each category can be found in the sections that follow.)

## DRIVE A FOOD SYSTEM SHIFT

As a core pillar of our sustainability strategy, Oatly is working to transform the food system. Our work with farmers, suppliers, scientists and other partners is key to achieving a shift in our food system.

*Ambition 1: By 2029, Oatly's food system will give back to nature and the communities where we source by restoring carbon, improving biodiversity and boosting farmers' incomes.*

PILLAR ONE

## DRIVE A FOOD SYSTEM SHIFT 2023 PROGRESS



## SUSTAINABLE SOURCING

As Oatly continues to evolve, so too does the complexity of our supply chain. To manage these complexities, we've developed clear environmental and social sustainability expectations for our suppliers, while seeking to monitor and support performance. These expectations include three major components:

- **Supplier Code of Conduct.** Our Supplier Code of Conduct reflects our company values and expectations on key issues such as human rights, working conditions, environmental protection and anti-corruption. We require our suppliers and production partners to comply with our Supplier Code of Conduct or present their own that meets the same standards. Our Supplier Code of Conduct is currently being updated and will be finalized in 2024. We will engage with our suppliers as we roll out the updated version.

- **Supplier Sustainability Requirements.** These requirements are attached to supplier commercial agreements and outline our sustainable sourcing expectations and ingredient standards, including sustainability certifications, renewable energy, sustainable ground transportation, and reporting requirements.
- **Supplier performance.** We continue to introduce more suppliers into our Ecovadis network to provide greater insights into the four focus areas: environment, ethics, labor & human rights and sustainable procurement. Over the next year, we aim to both expand the Ecovadis program to more suppliers and improve the sustainability performance of our supply chain.

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. Our [Modern Slavery Statement](#) includes further descriptions of how we look to identify and mitigate these types of risks in our supply chain.

It is our ambition to source all our strategic direct materials sustainably by 2029. We define our strategic direct materials as those which are most significant for making Oatly products – whether because we source a high volume or because the materials have well-established sustainability risks, such as deforestation, forced labor and worker rights. Our strategic direct materials include oats, rapeseed oil, packaging materials, cocoa, vanilla, coffee, coconut oil, cane sugar and palm oil. As we develop new products, we continuously review new ingredients for sustainability risks, modify our list of strategic direct materials accordingly and take account of emerging regulations in this area.

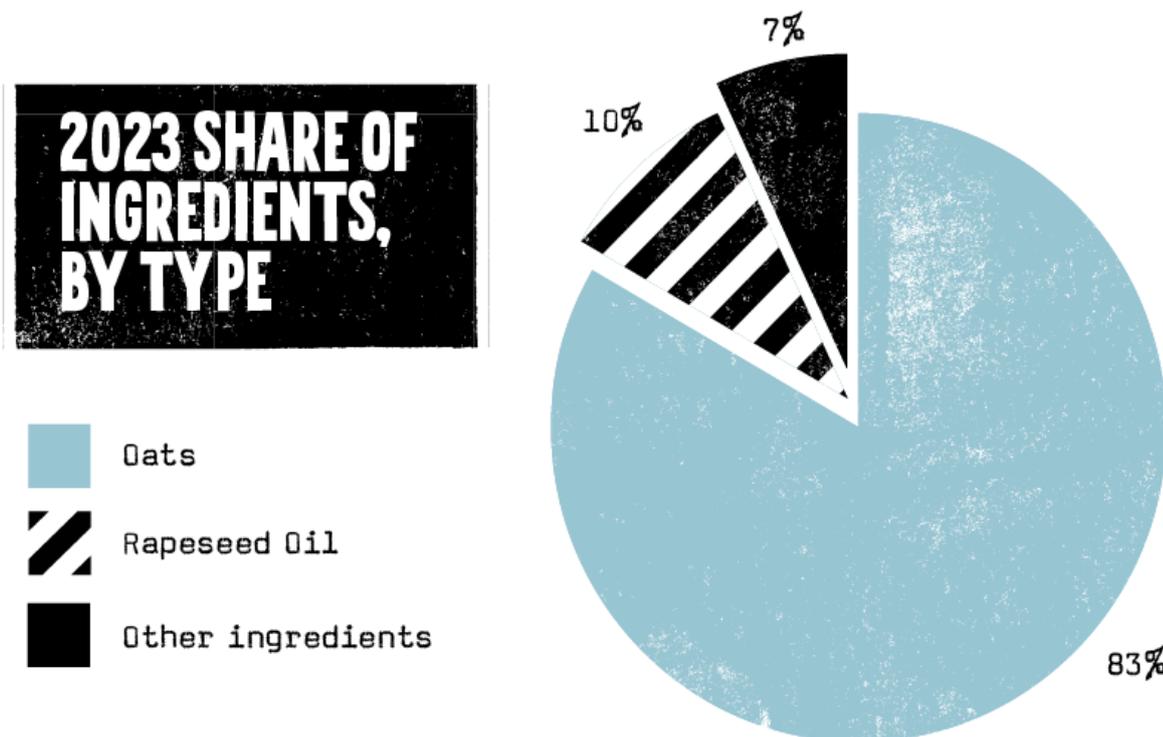
In 2023, we continued our efforts to establish sustainable sourcing policies for each of the strategic direct materials to source these products in a way that improves sustainability performance and addresses key sustainability risks. Here are a few examples of the progress we've made:

- In 2023, Oatly sourced small quantities of palm oil derivatives for a limited number of products. As a company whose mission is to transform the food system into one that's more sustainable, we are aware that palm oil cultivation can adversely impact nature and the people involved. As part of the journey of engaging our supply chain for the best sustainability practices and addressing sustainability risk, we only source palm oil that is Roundtable for Sustainable Palm Oil (RSPO) certified and continue to monitor best practices in connection with palm oil supplies.

- We joined the Sustainable Coconut Partnership<sup>13</sup> as an official member to work with other members and industrial experts to strengthen the supply chain framework for coconut for the limited number of Oatly products that contain this ingredient.
- We refined our Future Agriculture Renovation Movement (the FARM) framework, which governs the work we do with farmers and suppliers to source oats from agricultural systems that reduce GHG emissions, protect biodiversity and water quality and improve farmer well-being. Read on for more information, including exciting ways we've already begun to implement this new framework.

## INGREDIENTS

Our ingredients accounted for about 45 percent of our corporate climate footprint in 2023. Emissions from ingredients were approximately 0.216 kg CO<sub>2</sub>e per produced liter, which is a 4 percent decrease per produced liter compared with our 2020 baseline (0.224 kg CO<sub>2</sub>e/L) and an approximately 12 percent decrease from 2022 (0.245 kg CO<sub>2</sub>e/L).



Oats made up 83 percent of our total purchase volume and are therefore the ingredient with the most significant impact on Oatly's climate footprint. The decrease in our overall ingredient footprint per liter in 2023 was due, in large part, to a strategic decrease in the proportion of oats sourced from Finland. Given that Finnish oats result in higher emissions than do oats sourced from other countries, such as Sweden, our sourcing team partnered with our suppliers to reduce the amount of Finnish oats from 17 percent in 2022 to 6 percent in 2023.

<sup>13</sup> For more information, visit [www.coconutpartnership.org](http://www.coconutpartnership.org).

## **FARM**

Building on our efforts in 2022, Oatly refined its framework for regenerative oat sourcing in 2023, known as the FARM framework, finalized the soil health components of the framework and began implementation with an inaugural set of farmers in North America. FARM represents Oatly's commitment to source oats from agricultural systems that reduce GHG emissions, protect biodiversity and water quality and improve farmer well-being. The framework was developed together with our mill partners and in partnership with farmers in North America and Europe, who were paid for their time and expertise, and was supported by expert external consultants with deep experience in this field.

Many companies in the food & beverage sector are supporting regenerative agriculture projects as philanthropic efforts outside their own supply chains. Oatly has opted to take the slower and more challenging but – we believe – ultimately more impactful route of designing pilots to scale into our own supply chains and/or that are co-designed with producers themselves. The following are highlights from our global efforts in 2023.

### *United Kingdom*

- In the UK, the FARM framework was tested by a group of 13 producers who provided design feedback regarding the required practice changes, pricing incentives offered and key performance indicators.

### *Canada*

- In Canada, Oatly joined forces with our partner Grain Millers to launch an innovative initiative called the FARM Oat Sourcing Program. This program is aimed at collaborating with oat producers to establish a scalable framework for sustainable oat production – one that champions practices that enhance soil health and biodiversity, thereby fortifying farm resilience while also improving soil and water quality. We embarked on this journey with Grain Millers and with a select group of farms and producers earlier in 2023. These farmers cover hundreds of acres of oats in our supply region and tested our approach and provided feedback.

### *United States*

- Time flies, and after five successful years of learning, the US Oats for Oatly project is wrapping up its final year! As you may recall, this pilot program is an Oatly-sponsored agricultural experiment focused on incentivizing farmers in the American Midwest to reintroduce oats to their crop rotation in hopes that they'll reap various on-farm environmental and economic benefits – and

perhaps even kick-start a renaissance of US-grown oats. Our final cohort of 22 farmers finished up their 2023 oat harvest and a final case study of lessons learned will be available soon.

### *Finland*

- In partnership with Oatly, researchers at Helsinki University are exploring ways to future-proof production and radically redesign farms in Finland for greater sustainability. This year, the first steps were taken by collecting farm data from 10 sample farmers in order to model important variables such as nutrients, emissions, yields, etc. As a next step, the researchers are planning to use this data in a tool that can assess a farm's productive, economic and environmental performance under different scenarios over time and therefore help guide a potential redesign of farms for a more resilient food production system.

### *China*

- Oatly collaborated with YSCC (Yunnan Specialty Coffee Community) in China again in 2023 to support coffee farms in their regenerative agriculture journey by planting shade trees on farms. Such trees are able to improve the soil and surrounding environment of coffee plantations, thereby enhancing coffee quality and reducing crop losses caused by extreme weather. Over the long term, regenerative agriculture practice adoption will help the sustainable development of coffee farming communities and is expected to increase yields and income for coffee farmers.

In 2024, we will build on these experiences by scaling up the number of producers and acres and aligning with our mill partners to adopt a harmonized approach to practice change for regenerative agriculture among oat producers.

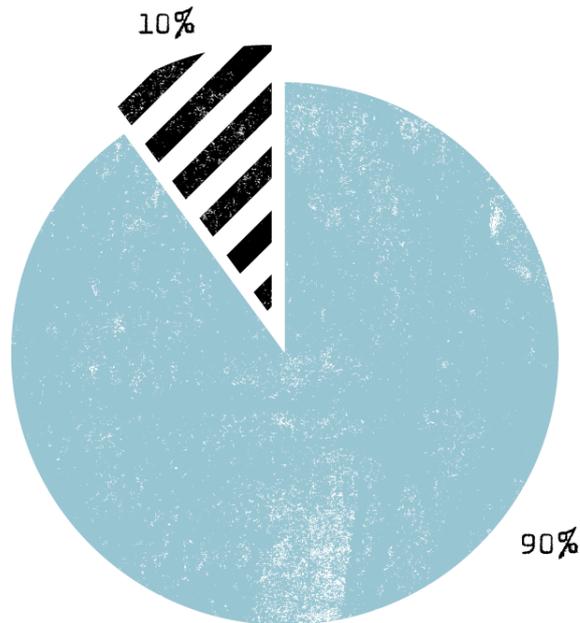
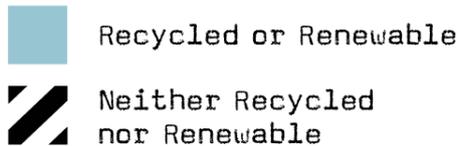
## **PACKAGING**

Packaging materials made up 11 percent of our corporate climate footprint. Emissions from packaging were approximately 0.053 kg CO<sub>2</sub>e per produced liter, a decrease of 16 percent from the 2020 baseline (0.063 kg CO<sub>2</sub>e/L). Packaging used in 2023 (kg/L of Oatly produced) decreased by approximately 13 percent compared with 2022. The share of packaging made of renewable, which includes bio-based plastic, or recycled materials increased from 89 percent to 90 percent.<sup>14</sup> This includes packaging sourced both by Oatly directly and by our production partners.

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<sup>14</sup> The 90% recycled or renewable packaging shown in the pie chart includes packaging that is recycled or renewable, or a mix of both (e.g., recycled certified paperboard).

## 2023 RENEWABLE OR RECYCLED PACKAGING MATERIALS



The decrease in packaging, by weight, and the increase in renewable or recycled materials is thanks to continuous efforts from our packaging solutions, innovation and sourcing teams around the globe to source sustainably. For example, our innovation team determined that plastic bottles were necessary to meet shoppers where they are and make it as easy as possible for them to opt for oat-based. We're therefore packaging our new US creamers in familiar-looking (and recyclable) plastic bottles. The bottles are made from 100 percent post-consumer recycled PET (rPET), which has, in general, a lower climate footprint than virgin PET, and the shrink-wrap sleeves are made of 30 percent rPET. In addition, rPET is one of the most widely accepted and recyclable packaging materials, with 87 percent of recycling programs accepting rPET bottles.<sup>15</sup> To make sure our bottles have the best possible chance of being recycled, we've kept the plastic clear (which is most desirable in the recycling system<sup>16</sup>) and have ensured the whole bottle can be recycled without the need to remove the label.

We aim to source all our fiber-based packaging materials as Forest Stewardship Council® (FSC)<sup>17</sup> or Sustainable Forestry Initiative® (SFI)<sup>18</sup> certified, meaning these materials come from responsibly managed forests and have been third-party verified as renewably and responsibly sourced.

<sup>15</sup> Please note that while 87% of US residents have access to PET recycling programs, only 29% of PET bottles actually get recycled ([NAPCOR, 2022NAPCOR, 2022](#)).

<sup>16</sup> According to the Association of Plastic Recyclers.

<sup>17</sup> Oatly's license number is FSC-N003793. For more information, visit [www.fsc.org](http://www.fsc.org).

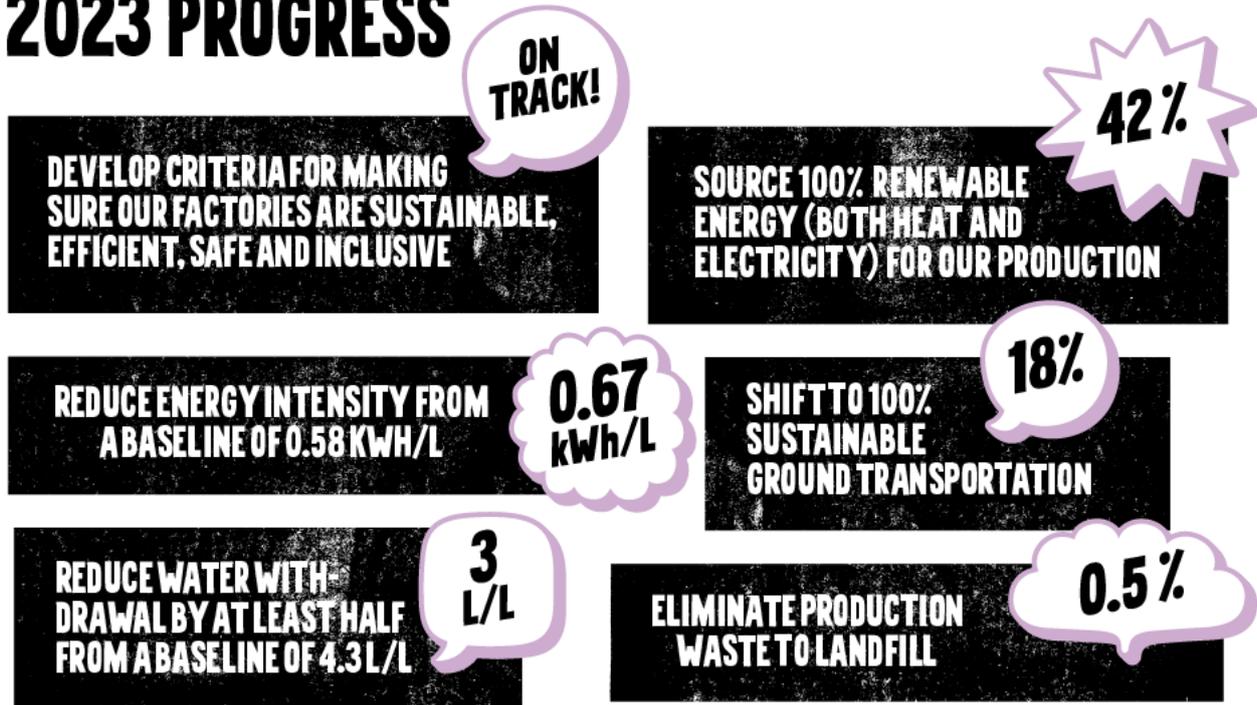
<sup>18</sup> For more information, visit [www.forests.org](http://www.forests.org).

## FUTURE COMPANY – PLANET

*Ambition 3: By 2029, all 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.*

### PILLAR TWO

## FUTURE COMPANY – PLANET 2023 PROGRESS



The UN has called on businesses to accelerate the transformation to a sustainable future that addresses climate change, inequality, health and well-being. To us, this means putting people and the planet first. At Oatly, we strive to be a “future company.” We believe this means using resources responsibly and providing a welcoming and safe place for coworkers to grow personally and professionally – or in other words, be a great place to work.

In 2022, we defined Oatly’s Future Factory criteria, including the following critical building blocks:

1. Be T-Oatly safe, including care for people and planet
2. Be diverse and inclusive
3. Source 100 percent renewable energy
4. Be energy and water efficient
5. Send zero waste to landfill
6. Use 100 percent sustainable ground transportation

We continue to use this Future Factory criteria to measure our progress toward a more sustainable supply chain, and discuss each of them in more detail in subsequent sections of this report.

## **ENVIRONMENTAL STEWARDSHIP**

During 2023, we created an integrated T-Oatly Safety Health and Environment (SHE) policy, combining our Environmental Policy with our Health and Safety Policy. We have sought to make this integrated policy easier and simpler to communicate and manage, and more importantly, believe this simplicity drives better employee engagement. This integrated SHE policy will be launched during 2024 across all sites globally. On the environmental side, this policy serves as a global guideline for our teams and co-workers to help protect our planet.

In our quest to continuously improve our environmental programs, we took the following steps in 2023:

- We launched CORITY to help simplify and drive a unified reporting system for all environmental events and opportunities for improvement. CORITY can be used by colleagues globally through handheld mobile devices, making it easier for everyone to participate – and we’re already experiencing an increase in reporting. There were no major environmental incidents reported at Oatly-operated factories during 2023.
- We continued to drive our focus on compliance in the ever-changing regulatory landscape. All sites managed and maintained their legal registers in our digital platform. The addition of a horizon scanning function is helping to identify and respond to regulatory topics before they become laws.
- The Wastewater Operator at our Millville factory received the Ecker Excellence in Industrial Wastewater Treatment Award. This award is presented by the New Jersey Water Environment Association to companies and individuals that have achieved outstanding performance in the operation of industrial wastewater treatment systems and maintained environmental compliance in New Jersey.
- Our Ma’anshan factory received a Green Factory award from the city of Ma’anshan. This award is granted to businesses that demonstrate such activities as carbon reduction initiatives, outstanding performance to reduce their energy and water use, and sourcing renewable energy.

## ENERGY

Energy used at production sites and offices accounts for about 19 percent of our corporate climate footprint. Emissions from energy were approximately 0.092 kg CO<sub>2</sub>e per produced liter, an increase of approximately 17 percent from 2020 (0.078 kg CO<sub>2</sub>e/L) and a decrease of approximately 1 percent from 2022 (0.093 kg CO<sub>2</sub>e/L).

In 2023, production sites (including both Oatly's and those of our production partners) used approximately 341 million kWh of energy — more than twice our total energy used in 2020 and approximately a 1 percent increase from 2022. Of the 341 million kWh, approximately 142 million kWh was used by Oatly production sites and approximately 199 million kWh by production partners. Since 2020, we've doubled our number of Oatly-operated factories from three in 2020 to the six factories we operate today.

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

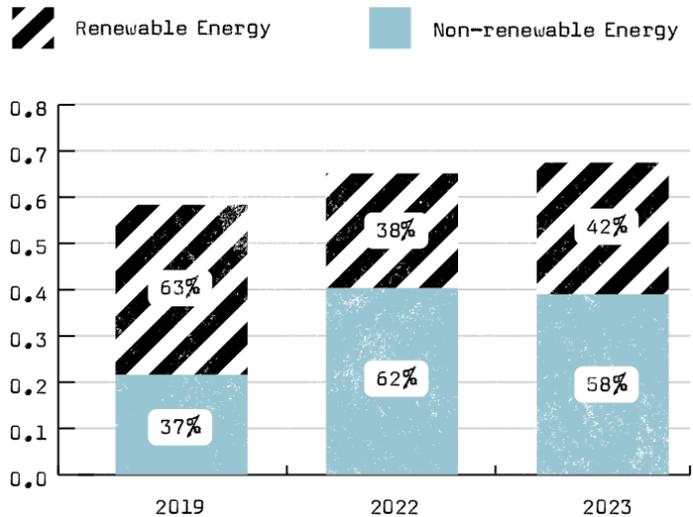
Our energy intensity in 2023 was 0.67 kWh per produced liter, an increase of approximately 3.6 percent over 2022 and an approximately 16 percent increase from the 2019 baseline. 2019 baseline, what!?!? You savvy readers might notice that our corporate climate footprint is reported against a 2020

baseline, but here we're talking about a 2019 baseline. Yes, energy and water intensity are both measured against a 2019 baseline and yes, this is a little confusing, but we're sticking with it because it's good practice to stick with baselines once you've set them.

In 2023, our hybrid partner completed construction and began operating its factory adjacent to our Millville oat base factory. Additionally, our Lanskrone factory installed a third oat base line. As described in previous sustainability reports, new factories and lines take time, and energy, to become fully operational and once fully established, often demonstrate efficiencies. For example, our Ma'anshan factory has done a

## ENERGY INTENSITY PER PRODUCED LITER (KWH/L)

OATLY-OPERATED AND OUR PRODUCTION PARTNERS



great job improving its energy efficiency (kWh/L) approximately 45 percent since its first year of operation in 2021.

## RENEWABLE ENERGY

Our total renewable energy was 42 percent in 2023, up from 38 percent in 2022. We classify the energy we use in our production process as either electricity or heat. This energy can then be further classified as renewable or non-renewable depending on how it is sourced. Both types of energy have different renewable strategies, opportunities and challenges.

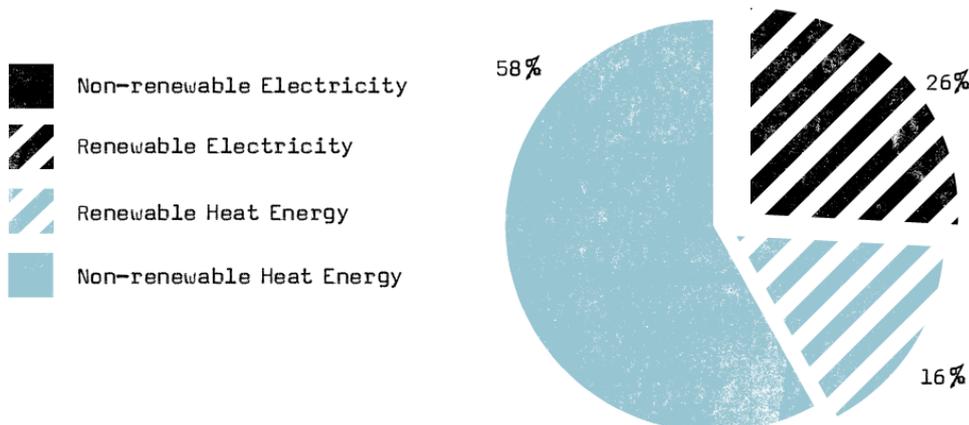
In 2023, we continued to source 100 percent renewable electricity for all Oatly-operated factories, and for the first time all our production partners in the United States, Europe and Singapore sourced 100 percent renewable electricity!

Because reducing our energy use is always the first and best step to take even before sourcing renewable, we tweaked the temperature settings and optimized waste heat recovery at several factories to lower the need for thermal energy in our processes – the most sustainable energy is the energy you don't use! We also continued to source 100 percent renewable biomethane for our factory in Landskrona using energy attribute certificates, and a few of our production partners are located where some of the thermal energy is created from renewable sources.

Combined, this renewable heat energy accounts for 16 percent of the total energy at all production sites (Oatly-operated and our production partners). Expanding our renewable heat energy sourcing for our global factories remains a challenge and will be a key strategy to help Oatly achieve 100 percent renewable energy by 2029.

### 2023 TOTAL ENERGY USE, BY SOURCE (KWH)

OATLY-OPERATED AND OUR PRODUCTION PARTNERS



## TRANSPORTATION

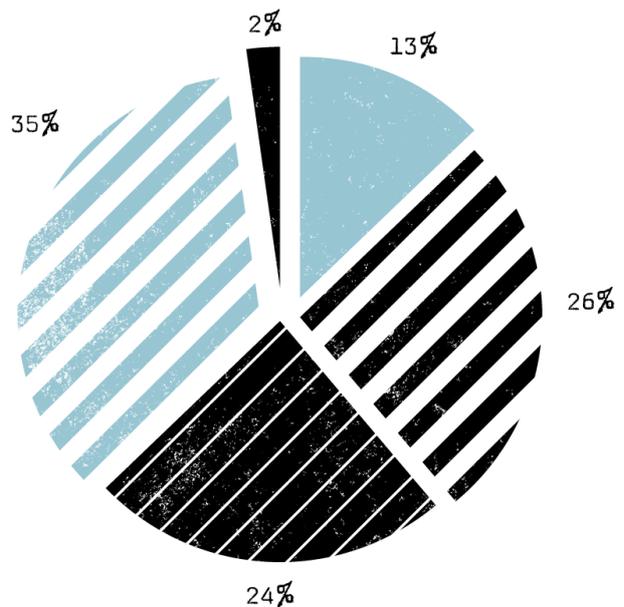
Transportation accounted for about 21 percent of our corporate climate footprint in 2023. Emissions from transportation were approximately 0.102 kg CO<sub>2</sub>e per produced liter. That’s an approximately 30 percent decrease from our 2020 baseline (0.147 kg CO<sub>2</sub>e/L) and 2022 (approximately equal to 2020).

In 2021, we built new production facilities in Singapore and Ma’anshan to better serve our customers in the Asia Pacific region. In 2023, we really experienced the benefits of this local production! The ton-km of finished products shipped from Europe to Asia-Pacific (APAC), and the associated emissions, decreased approximately 97 percent compared with 2022.

### 2023 SHARE OF TRANSPORTATION GREENHOUSE GASES, BY CATEGORY (T CO<sub>2</sub>e)

OATLY-OPERATED AND OUR PRODUCTION PARTNERS

-  Finished Product to and within Asia
-  Finished Product within Americas
-  Finished Product within EMEA
-  Ingredients and Packaging Materials
-  Oatbase to Co-packers



The ton-km and emissions from transporting finished goods to and within Asia, the Americas and EMEA all decreased in 2023 thanks to strategic efforts in all three regions to optimize our distribution network. The completion of our hybrid partner’s factory adjacent to our Millville oat base factory resulted in a decrease in the amount of oat base transported to co-packers.

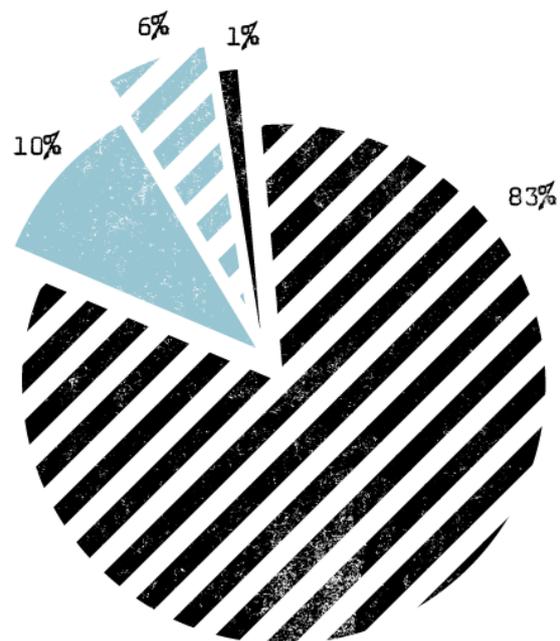
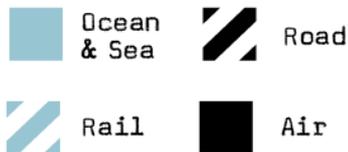
Distribution of finished products remains the largest contributor to transportation emissions, at approximately 63 percent. Finished products are primarily distributed via ground transportation (emphasizing the need for such transportation), especially in the diesel truck category. This highlights the importance of our ambition to achieve 100 percent

sustainable ground transportation for our products and materials. Switching transportation modes and fuels will deliver meaningful reductions in our GHG emissions. We define sustainable ground transportation to include electric vehicles, rail and vehicles using renewable fuels.

In 2023, approximately 18 percent of our products and materials were transported by sustainable ground transportation, a decrease from 2022 (21 percent). Our use of electric trucks increased (hooray!), but not enough to overcome our decreased use of hydrotreated vegetable oil (HVO) fuel and rail. This, combined with an overall decrease in ground transportation (ton-km), resulted in the overall decrease in percentage of sustainable ground transportation.

## 2023 SHARE OF TRANSPORTATION GREENHOUSE GASES, BY TYPE (T CO<sub>2</sub>e)

OATLY-OPERATED AND OUR PRODUCTION PARTNERS



Our Global Sustainable Logistics Strategy remains simple and effective, based on three main pillars:

1. **Reduce the distances travelled.** This the most important step in our strategy because it reduces GHG emissions 100 percent for the kilometers not travelled. The most sustainable kilometer is the one you don't have to travel!
2. **Implement lowest possible impact transport across all lanes.**
  - a. **No air freight.** To minimize the oversized air freight impact from one-off priority shipments, in 2021, our Global Logistics Team strengthened our process to require any exceptions to our "no air freight policy" be approved by upper management.
  - b. **Switch to a lower-impact mode of transportation (e.g., switching from a diesel truck to rail can deliver an approximately 55 percent reduction in CO<sub>2</sub>e).**
  - c. **Switch to a lower-impact fuel within the same mode (e.g., switching from a diesel truck to one powered with 100 percent**

renewable electricity can reduce CO2e emissions by approximately 95 percent!).

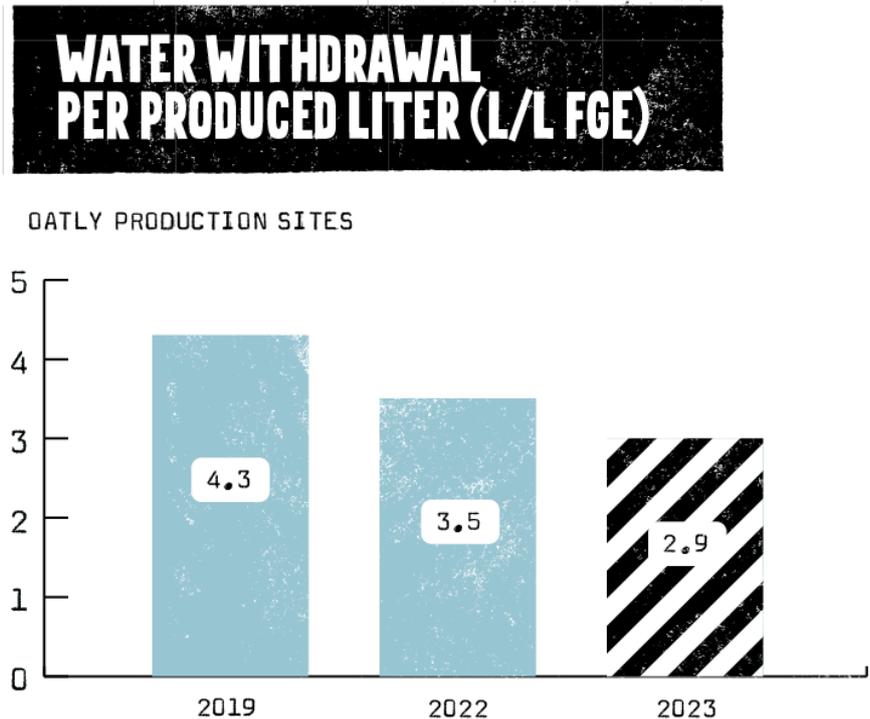
3. **Choose more-sustainable warehousing.** This includes energy-efficient warehouses and those that use renewable energy.

As we continue to implement this strategy, we want to highlight some of the great actions we took in 2023:

- We began partnering with one of our warehouse providers in Sweden to transport Oatly products in electric trucks 70 kilometers from our warehouse to their warehouse in Halmstad.
- Air freight ton-km and emissions decreased approximately 59 percent thanks to the collective efforts of our commercial and logistics teams to avoid airfreight.

## WATER WITHDRAWAL

In 2023, our total water withdrawn by Oatly-operated factories was approximately 1.42 billion liters. The combined water withdrawal for all Oatly-operated production facilities in 2023 was 2.9 liters per liter of Oatly (L/L) finished goods equivalent (FGE), approximately 32 percent lower than our baseline of 4.3 L/L.



Here are some highlights of the ongoing work of our factories in 2023 to lower water withdrawal:

- In 2023, our hybrid partner completed construction of its factory adjacent to our Millville oat base factory. Direct piping to transfer oat base between factories reduced the need to clean holding tanks and tanker trucks, contributing to an overall reduction of water used at Millville (per liter of FGE) by 68 percent from baseline.
- Our Millville factory also improved its onsite management of oat fiber residue (what's oat fiber residue, you ask? Read on to the Waste and Byproducts section to learn more!) reducing the amount of water added to the oat fiber to move them around the factory. Not only did this save water, but this also meant fewer trucks on the road as we had to transport a lower volume of oat fiber residue to our partners.
- As our Ma'anshan factory scaled up production, it was able to use water significantly more efficiently, decreasing its water use (per liter FGE) by approximately 43 percent compared with 2022.

## OUR WASTE AND BYPRODUCTS

In 2023, our global Oatly-operated factories generated approximately 88,500 tonnes of waste and byproducts, a reduction of approximately 6 percent compared with 2022.

Oat base, which is the base ingredient in Oatly products, is designed to maintain as much of the oats' nutritional value as we can. While it's

not possible to use every part of the raw oat in the final product, we look for the most sustainable ways to repurpose our oat fiber residues by following the US and EU food waste hierarchies.

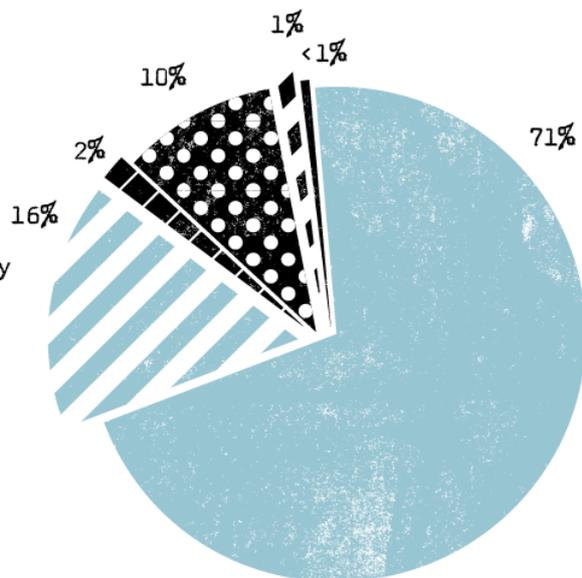
All our oat fiber residue – that’s 100 percent of the 78,500 tonnes generated in 2023 – was repurposed! Approximately 80 percent was used to feed animals, which is among the most sustainable alternatives after edible products for humans.<sup>19</sup> In accordance with our Waste and Fiber Residue Policy, our oat fiber residue is not used to feed cows. The remaining oat fiber residue is used to create energy in the form of biomethane or electricity (approximately 18 percent of total) or as a soil improver (approximately 2 percent). (This category sometimes also includes scrapped product from our production facilities.)

We also strive to keep the small proportion of our waste that is not oat fiber residue, approximately 10,000 tonnes in 2023, out of landfills by instead sending it to partners for recycling or incineration, with energy recovery. In 2023, our production waste to landfill was approximately 0.5 percent. This category includes a very small (really, really small at approximately 0.01 percent of total waste and byproducts) amount of hazardous waste managed by our factory teams with a focus on minimization, recycling whenever possible and responsible disposal.

## 2023 OATLY WASTE AND BYPRODUCTS (T)

### OATLY PRODUCTION SITES

-  Oat Fiber Residue – Animal Feed
-  Oat Fiber Residue – Converted to Energy
-  Oat Fiber Residue – Soil Improvement
-  Other Waste – Recycling & Incineration with Energy Recovery
-  Other Waste – Composting
-  Other Waste – Landfill



<sup>19</sup> Hierarchy for prioritization of food surplus, byproducts and food waste prevention strategies, (pg.8 in the link) <https://shorturl.at/ABH16> and “Food Recovery Hierarchy.” <https://www.epa.gov/sustainable-management-food/food-recovery-hierarchy>.

# FUTURE COMPANY – PEOPLE

PILLAR TWO

## FUTURE COMPANY – PEOPLE 2023 PROGRESS



### SUSTAINABILITY AS OUR CORE VALUE

We are convinced that to get to where we want to be, we need everyone in Oatly to be committed to sustainability, have clarity in their contribution and feel supported in what they do. Each year, we conduct an annual survey to understand how our colleagues feel they are being supported so we can do even better and accelerate our work.

We focused on three outcomes we want to accomplish to support our co-workers around sustainability:

*Co-workers know how they contribute toward Oatly's Sustainability Plan*

- 82 percent of co-workers say they know how to contribute to their team's annual goals contributing to Oatly's Sustainability Plan – compared with 76 percent last year, this is an increase of 6 percent, an encouraging sign!

*Leaders are motivating their team members to contribute to sustainability*

- 68 percent of co-workers feel that their manager motivated them to incorporate sustainability into the work they did in 2023 to some or a large extent. This is a 4 percent increase from 2022. We are glad to see improvement but recognize our journey continues to support Oatly leaders to strengthen sustainability in their teams.

*Co-workers perceive a strong sustainability purpose and commitment in Oatly*

- 73 percent of co-workers think that sustainability was among the top priorities for Oatly in the past year. This is a decrease of 1 percent from 2022. This result indicates we have more to do in order to demonstrate our deep commitment to sustainability.

## **TRAINING**

Sustainability-focused trainings are held across the globe at Oatly and tailored to align with regional experiences.

North America continued its “In the Weeds” sustainability learning series for a third straight year, with around 100 participants or more for each monthly session focused on an ESG curriculum.

EU colleagues held trainings for internal teams focused on the following topics:

- How to deal with Eco-Anxiety (external speaker)
- How to debunk climate jargon
- Who is responsible for solving the climate crisis?
- Sustainable office design

In APAC, regular trainings are conducted on sustainability during onboarding, townhalls and leaders’ meetings. Sustainability workshops are conducted with different business functions to develop new ideas to support our sustainability ambitions.

## **DIVERSITY, EQUITY AND INCLUSION (DEI)**

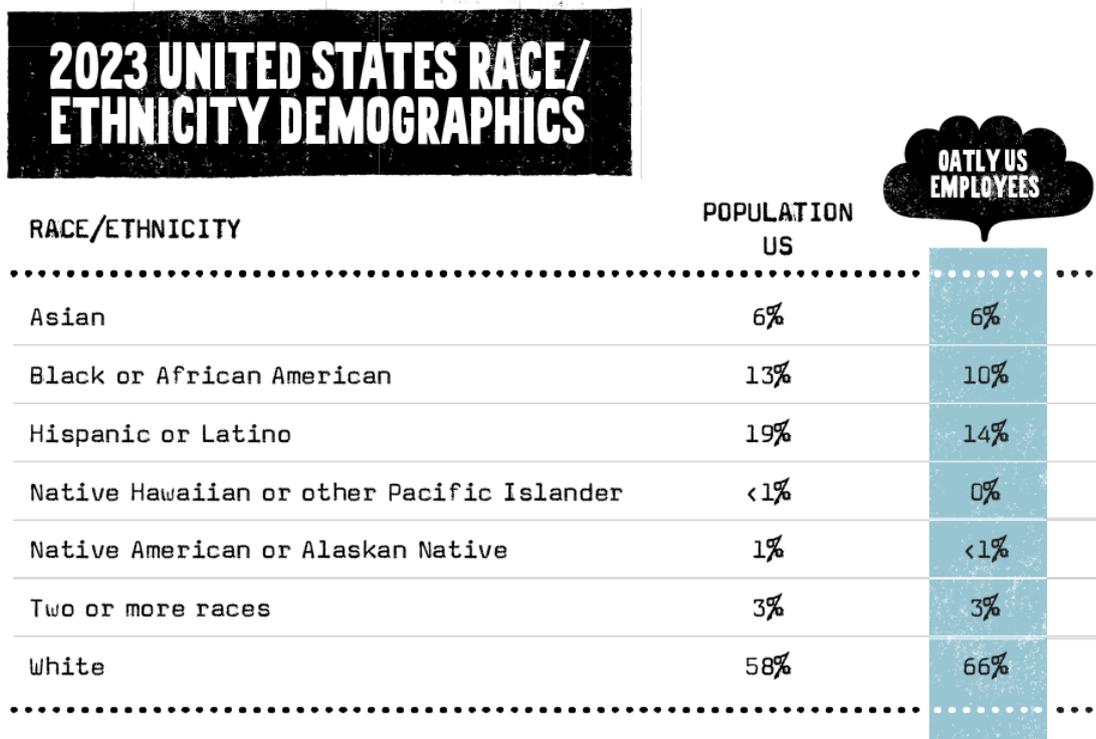
We believe Oatly should feel like home to everyone who works here, regardless of spiritual beliefs, birth country, race, gender or sexual orientation. Being committed to real change means we actively show up and listen, openly admit when we fail and prioritize concrete actions around our shortcomings. We commit to learning and growing together, to become a truly inclusive company that is diverse. We recognize countries and regions of the world are unique both in history and culture. As a result, we have regional approaches to the activities and learnings we explore around DEI.

- In the UK and North America volunteers organize engagement opportunities and activities to raise awareness for important times during the year, such as International Women’s Day, Mental Health Awareness Week, Neurodiversity Celebration Week, Pride, Hispanic and Latino Heritage, and Black History month.
- In the UK, to understand the impact of UK DEI initiatives, quarterly surveys were conducted in 2023 with a completion rate of approximately 90 percent.
- In North America, the Environmental Justice Book Club continued into its second year with a food justice series that explored the intersection between sustainability and DEI.

In our social sustainability survey, we asked our co-workers if they feel included and respected at work. They responded with 87 percent saying they agree or strongly agree, an 8 percentage-point increase from last year. Of course, to truly capture and measure whether our co-

workers feel at home is difficult and cannot be fully captured in a survey. We view this result as one indicator and use the insight to further develop initiatives related to the well-being of our people and teams.

At Oatly, we want the diversity of our team members to reflect the diversity found in every market in which we operate. In an ideal world, we would measure the same data across each market, but due to legislation, every country differs in the way it collects data. The following tables show the distribution of race and ethnicity in North America, Singapore and the United Kingdom.<sup>20,21</sup> It also reflects the birth country data for Sweden.



<sup>20</sup> Census, "Quick Facts," <https://www.census.gov/quickfacts/fact/table/US/PST045222>.

<sup>21</sup> Source for UK population data found here: <https://www.ethnicity-facts-figures.service.gov.uk/uk-population-by-ethnicity/national-and-regional-populations/population-of-england-and-wales/latest>.

## 2023 UNITED KINGDOM ETHNICITY DEMOGRAPHICS

ETHNICITY	POPULATION UK	OATLY UK EMPLOYEES
Asian or Asian British	9%	3%
Black, African, Black British or Caribbean	4%	3%
Mixed - Multiple Ethnic Groups	3%	7%
Other	2%	0%
White	82%	86%

## 2023 SINGAPORE ETHNICITY DEMOGRAPHICS

CITIZENSHIP & ETHNICITY	POPULATION SG	OATLY SG EMPLOYEES
Citizen: Chinese	54%	50%
Citizen: Indian	11%	0%
Citizen: Malay	5%	4%
Non-citizen: Chinese	23%	32%
Non-citizen: Indian	4%	12%
Non-citizen: Malay	3%	2%

## 2023 SWEDEN BIRTH COUNTRY DATA

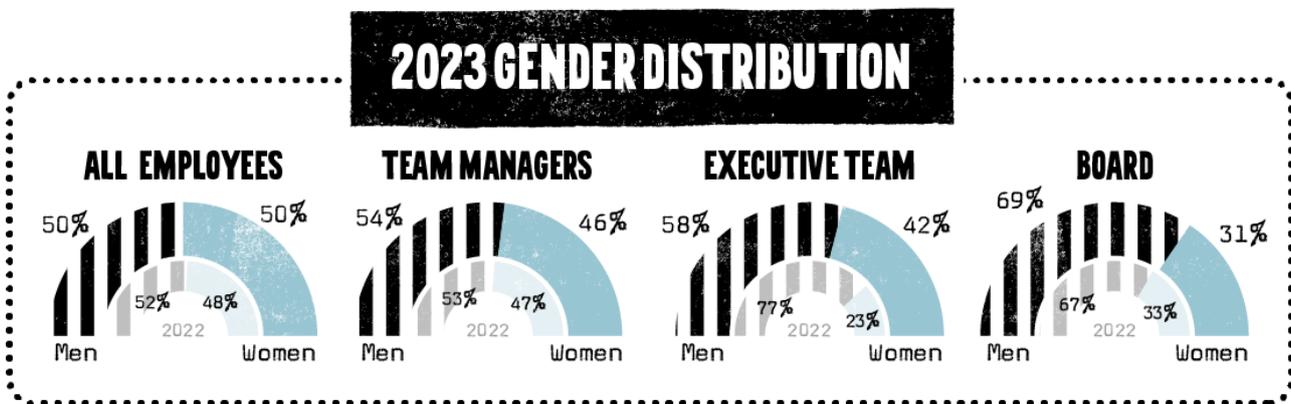
BIRTH COUNTRY	POPULATION SE	OATLY SE EMPLOYEES
Birth country outside Sweden	26%	28%
Birth country Sweden	74%	72%

## RECRUITMENT

We continuously work to develop our recruitment practices to ensure they are inclusive and that we remain an attractive and approachable company to a diverse candidate pool. Some of the steps we've taken include training for our recruitment team and hiring managers in competence-based recruitment, which includes how to be aware of the most common biases and avoid them in the recruitment process.

## GENDER DISTRIBUTION & INITIATIVES

The gender balance of our executive team improved from 23 percent women in 2022 to 42 percent in 2023. We are committed to achieving balanced gender representation across our company and then working to maintain it.



\*Team managers are defined as all individuals who have a direct report.

## GLOBAL GENDER PAY GAP ANALYSIS

Last year, we built and initiated a process for a global gender equal pay analysis. The aim was to conduct a fair and transparent global review so that we could understand our gender pay gap and begin to actively address any disparities for our colleagues. This internal analysis looks at gender and pay in each market and reveals the difference between the average pay of male and female employees.

The gender pay gap is expressed as a percentage difference between the annual base salary for male and female employees. Our 2023 global results reflect a negative median pay gap of -9.7 percent. This shows that the median female salary at Oatly is 9.7 percent more than the median male salary at Oatly. As a reminder, the median is the midpoint of a frequency distribution of all Oatly salaries.

Our 2023 global results also show a positive mean gender pay gap of 4.7 percent, meaning that, on average, Oatly male employees, as a

group, earn 4.7 percent higher wages than do Oatly female employees, as a group. The reason the mean and median show different results is a reflection of the two different statistical approaches of measuring the midpoint.

A positive pay gap is the norm around the world. In fact, the global median gender pay gap is estimated to be around 20 percent.<sup>22</sup> Our 2023 analysis shows that Oatly is doing well when compared with national averages, and the global gender pay gap as presented by the International Labor Organization. While our global result is positive news for women, there's still work to be done.

## **TOTAL EMPLOYEE HEADCOUNT**

Total Employees: 1,548

Total female: 778

Total male: 770

## **HUMAN RIGHTS**

At Oatly, we recognize that we would not have delicious products available for the world without the human beings who work across our value chain. In 2023, we partnered with an expert consultancy to help us complete Oatly's first Human Rights Risk Assessment. This group-wide analysis identifies our most salient human rights risk areas across our full value chain. We look forward to further incorporating our learnings as we dig into our results in 2024.

## **HEALTH AND SAFETY**

At Oatly, we seek to create a culture of safety in which everyone performs at their best and goes home without harm every day. During 2023, we created an integrated T-Oatly SHE policy, combining our Environmental Policy with our Health and Safety Policy. We have sought to make this integrated policy easier and simpler to communicate and manage, and more importantly, believe this simplicity drives better employee engagement. This integrated SHE Policy will be launched during 2024 across all sites globally.

We continue to develop our Global SHE Management System in alignment with the International Organization for Standardization (ISO) framework. In 2023, we completed a gap assessment at our factories in the US, Sweden and the Netherlands. This process helped us identify risks and implement controls to address them, making our factories safer for our employees who work every day to create Oatly products.

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<sup>22</sup> Organization for Economic Co-operation and Development (OECD), <https://data.oecd.org/earnwage/gender-wage-gap.htm>.

Safety observations continue to be a critical tool to raise awareness for potentially unsafe situations, allowing us to implement preventative measures. In 2023, we saw an increase in safety observations raised, thanks in part to the launch of a new global program called Cority to make reporting these observations – and incidents too – faster and easier for everyone. Additional benefits include the following:

- Better data visibility to manage risk. Our leadership teams can make better data-driven decisions on safety, health and environment strategy and employees have more information accessible to manage risks in their work environment in real time.
- Less paperwork. We can now conduct inspections and audits digitally. With an integrated solution, data flows between functions more easily which means people spend less time chasing paperwork or waiting for information and we're generating a little less waste in our factories.

Our factories celebrated the following accomplishments in 2023:

- Ma'anshan and Ogden celebrated 1,090 and 1,035 safe working days, respectively. Our factory in Millville celebrated 1,751 days without a lost time safety incident. All three factories achieved this as of December 31, 2023 and are still counting!
- Vlissingen completed a Lock Out Tag Out (LOTO) project to keep employees safe when working on equipment inside the factory. Now every production line has a LOTO board showing key pieces of equipment with all lockable objects. The factory also implemented standardized procedures for different sections of the line for routine activities, reducing the number of locks needed to be safe.

Our Ma'anshan location exemplifies our commitment to safety and labor protections. All company employees are expected to follow the requirements of our social responsibility policy, which establishes that our systems and operations comply with provisions of the national government regulations and relevant international agreements. This policy applies to both the factory and the dormitories in place for Oatly factory employees. The policy includes language pursuant to which all employees are required to adhere to relevant standards regarding forced labor, child labor and discrimination against employees on the basis of ethnicity, race, gender, religious believe, trade union membership or political affiliation.

Our number of accidents decreased in 2023 as a result of our continued focus on reporting safety observations and near-miss events. We continued to investigate all events and share significant events through our Incident Insights process, which factories and regions used to prevent recurrences. Our total number of recordable incidents decreased from 11 in 2022 to nine in 2023. Our number of hours worked also decreased, mostly because a number of Oatly employees became employees of our production partner as we transitioned our Ogden factory from end-to-end to a hybrid production site (and those employees would have been

subject to the health and safety risk mitigation steps we seek to take through our supply chain controls). Since these incidents and the associated lost time is divided by hours worked, our total recordable incident rate remained the same and our lost time incident rate increased.

## HEALTH & SAFETY METRICS

PERFORMANCE MEASURE	2020	2021	2022	2023
Fatalities	0	0	0	0
Lost Time Injury Rate (LTIR)	4.05	2.13	0.53	0.65
Total Recordable Incident Rate (TRIR)	4.05	4.5	1.46	1.46
Accidents	95	123	113	38
Near Miss Raised	93	139	134	111
Safety Observations Raised	380	543	348	447

\*Data refers to factory employees for our own sites.

## EMPOWER A PLANT-BASED REVOLUTION

The science is clear: if we want to combat climate change, it is time for humans to shift away from resource-intensive animal-based diets.<sup>23</sup> Studies show that a shift to more plant-based diets could help reduce GHG emissions.<sup>24,25,26,27,28</sup> We work every day to provide innovative oat-based products, making it easier for people to choose oat-based products over animal-based ones. Included in this section are some examples of how we used our voice and our expertise in developing oat products to drive a shift in 2023.

### PILLAR THREE

## EMPOWER A PLANT-BASED REVOLUTION 2023 PROGRESS



<sup>23</sup> 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>.

<sup>24</sup> 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>.

<sup>25</sup> 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](https://agritrop.cirad.fr/593176/1/WRR_Food_Full_Report_0.pdf).

<sup>26</sup> 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.

<sup>27</sup> 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.aaq0216>.

<sup>28</sup> Röss, 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>.

*Ambition 4: By 2029, mainstream plant-based diets by leading a shift from dairy, with a milestone to shift 2.9 billion liters from dairy to Oatly between 2019 and 2025, saving up to 2.5 million tonnes of CO<sub>2</sub>e.*

One of the most impactful actions Oatly takes is promoting a shift to more sustainable diets through the provision of oat-based products. We have completed a number of studies that show that relevant Oatly product has a lower climate impact than the comparable cow's milk product in the markets surveyed.<sup>29</sup> 2022 marked the first year we had a number for Oatly's avoided emissions, also known as our "handprint," quantifying the net impact of our products when driving conversion from cow's milk. With everyone in the company having a direct or indirect impact on our handprint, in 2023, we spent time engaging and upskilling Oatly employees with the goal of all team members understanding their contribution to empowering a plant-based revolution.

We made some notable advancements the past year in understanding the three levers of avoided emissions, which include our sales, conversion rate and Oatly's footprint:

- **Conversion.** Via consumer insight surveys, we surveyed consumers in our most material markets – China, Germany, Sweden, the UK and US – to obtain an updated estimate of the rate of conversion from cow's milk to Oatly among Oatly consumers in 2023.<sup>30</sup>
- **Sales.** The sales volume of Oatly products continued to grow.
- **Climate Footprint.** Across 2023-2024, we expanded our Life Cycle Assessment (LCA) work to China, with Oatly Barista sold and produced in China, having 68 percent less climate impact than comparable cow's milk.<sup>31</sup>

If you are paying close attention you will notice our converted volume and avoided emissions from cow's milk to Oatly products has been updated for previous years now including Asia (previously only Europe, Australia & Americas), this has been possible due to China LCA data enabling us to calculate China, and the rest of Asia with proxy.

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<sup>29</sup> According to certain multiple studies, a specific range of Oatly drinks has between 44% and 80% lower climate impact than comparable cow's milk in the cases analyzed in China, Europe and the United States. Blonk Consultants (2022), LCA of Oatly Barista and comparison with cow's milk; Blonk Consultants (2023), LCA of Oatly "No" Sugars and Oatly Oat Drink (Whole/Semi/Light), and comparison with cow's milk; Blonk Consultants (2023), LCA of Oatly Original and comparison with cow's milk. *Blonk Consultants (2024), LCA of Oatly Barista China and comparison with cow's milk.* Stages include raw material to point of sale and packaging waste management for average liter produced and sold in China, the US, Sweden and the Netherlands and sold in Germany, Finland and the UK.

<sup>30</sup> Estimation of the share of Oatly consumers that converted from cow's milk obtained via consumer insight surveys at a country level (conducted by McKinsey for 2019-2021 data and IPSOS for 2022 and 2023 data), with survey questions and an equation to estimate the rate of cow's milk to Oatly conversion proposed by Quantis.

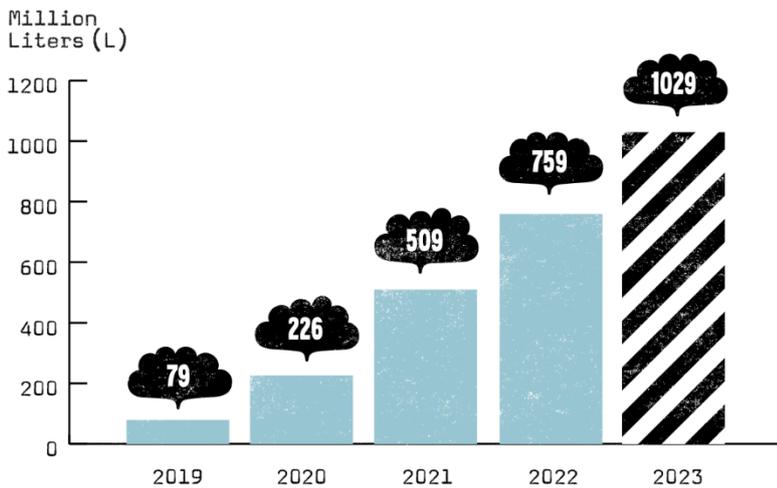
<sup>31</sup> Derived from Blonk Consultants (2024), LCA of Oatly Barista China and comparison with cow's milk. Stages include raw material to point of sale and packaging waste management for average liter produced and sold in China.

We used the three levers to estimate the number of liters of Oatly products people have purchased instead of cow's milk and, as a result, we obtained the corresponding estimate of CO<sub>2</sub>e emissions avoided, or our "climate handprint." We applied the methodology co-developed with Quantis<sup>32</sup> in 2021, for the years 2019 through 2023 for all Oatly sales,<sup>33</sup> You can read more about the detailed methodology on Quantis's website.

## ESTIMATED CONVERSION FROM COW'S MILK TO OATLY

YEAR	CONVERTED VOLUME FROM COW'S MILK TO OATLY PRODUCTS (MILLION LITERS)	AVOIDED CLIMATE EMISSIONS (METRIC TONS CO <sub>2</sub> e)	CONVERTED VOLUME FROM COW'S MILK TO OATLY PRODUCTS (CUMULATIVE MILLION LITERS)	AVOIDED CLIMATE EMISSIONS (CUMULATIVE METRIC TONS CO <sub>2</sub> e)
2019	79	63,079	79	63,079
2020	147	119,359	226	182,438
2021	283	220,052	509	402,489
2022	251	201,158	759	603,648
2023	269	243,577	1,029	847,225

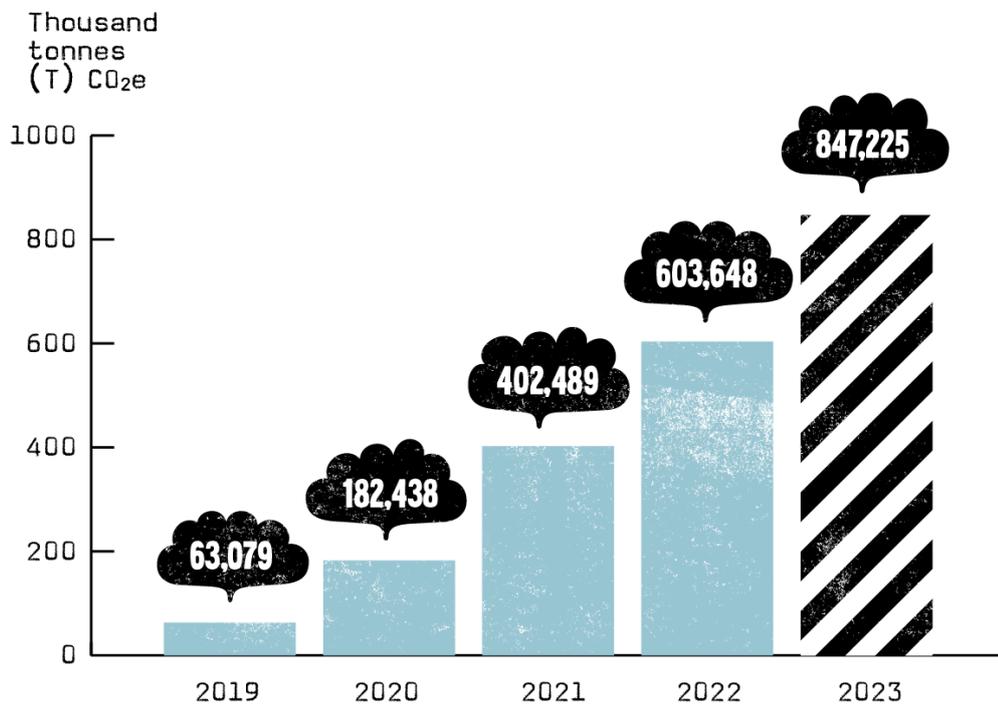
## ESTIMATED VOLUME CONVERTED FROM COW'S MILK TO OATLY PRODUCTS (CUMULATIVE MILLION L)



<sup>32</sup> <https://quantis.com/news/how-companies-can-use-avoided-emissions-to-drive-innovation-decarbonization/>.

<sup>33</sup> See PBR conversion note page 59.

# ESTIMATED AVOIDED GHG EMISSIONS FROM CONVERTED VOLUME (CUMULATIVE TONNES CO<sub>2</sub>e)



## EMPOWER CONSUMERS TO MAKE SUSTAINABLE FOOD CHOICES

### *Climate footprint declaration*

We continue expanding our efforts to publicly declare climate footprints on more of our products around the world. By the end of 2023, 196 of our products carried a product climate footprint declaration, which is calculated using the LCA Methodology and verified by Carbon Cloud. This accounts for 79 percent of our sales volume globally and includes adding footprints on products in countries such as Australia, Poland and Ireland for the first time.

For more information visit, [climate footprint](#).

### *Carbon labeling*

#### *Germany*

Through our continued participation in the Together for Carbon Labeling (TCL) initiative – consisting of well-known food companies – we have been able to intensify the exchange with politicians and decision-makers and organized a very successful series of events in the Bundestag on the subject of climate labeling as part of an awareness campaign. TCL is now involved in almost every discussion on the topic of climate labeling in Germany. (Hey again, Bundestag!)

### *USA, UK and Germany*

In 2023, we launched campaigns in the US, UK and Germany offering free advertising space to dairy companies if they are willing to “show their numbers.” We want to continue to raise public awareness about the climate labeling of food. We created a buzz with a high-profile campaign and to use our voice to influence policy: in the UK, we published a first-of-a-kind “gray” paper laying out Oatly’s vision for the future of climate labeling. We sent it to every member of parliament to kick-start this important conversation. And the good news is our efforts have started to pay off, as we were invited to join DEFRA’s (Department for Environment Food and Rural Affairs’) Food Data Transparency Partnership, where we’ll help shape the future of climate labelling in UK.

## **USING OUR VOICE TO TAKE A STAND**

We continue to raise our voice at important public forums around the globe to highlight the food system’s contribution to GHG emissions. We were encouraged to see a substantial increased presence of food and agriculture events at all major climate events in 2023; there is more focus than ever on creating food systems change:

- The 28th UN Conference of the Parties to the UN Framework Convention on Climate Change (aka COP28) kicked off November 30 in Dubai. With our friends at FoodTank, Oatly co-hosted a closed-door (remote) pre-COP dialogue. We gathered a coalition of climate-minded food companies to highlight the need to accelerate food system transformation and exert pressure on policymakers.
- We joined conversations at NYC Climate Week about the importance of including food systems in climate conversations, commitments and policies.
- 2023 saw the first Climate Week in Shanghai Oatly was invited to join, where we shared our efforts to empower a plant-based revolution.

## **MOBILIZE AND INSPIRE A MOVEMENT**

In 2023, we celebrated the Specialty Coffee Association (SCA) decision to finally allow plant-based milks in all competitions they run globally. This resulted in several first-ever barista and latte art competitions featuring Oatly, which was both cool and long overdue. In October 2023, Oatly sponsored and hosted the Korea Latte Art Championship, which saw every single participating barista using Oatly Barista Edition at the event. That’s a lot of Oatly! Additionally, at the Chinese division of the World Latte Art Championship, Oatly was the only beverage for use at the competition – the first time ever a plant-based milk had been given such a prominent role in a world championship anywhere. The coffee community is enormously important to Oatly, and we hope the progress we made in 2023 is only the start of a larger movement toward our products being used at competitions around the world.

### *China*

Silent Barista Project is one of Oatly's flagship initiatives, which provides skills training, exam support, job support and other services for young people with hearing impairment who aspire to become baristas. Since its launch in September 2020, more than 269 young hearing-impaired people have participated in the Oatly Hey Barista Academy, and 103 of them have received entry-level and/or intermediate certificates from the SCA. Of these, 71 have started their careers as silent baristas at Oatly's client businesses and elsewhere. To date, Oatly has formed a silent community of nearly 500 people, with excellent silent baristas whose stories inspire hearing-impaired young people across the country to learn new skills and embrace life.

### *United States*

Oatly represented the plant-based food sector in many forums across the US in 2023, from the Sustainable Brands conference in California to Washington, D.C., where we were included in the closing panel at this year's Renewable Thermal Collaborative Annual Summit. The Summit brings together experts from corporations that use thermal energy (i.e., heat) in their operations and are actively working to decarbonize their supply chains.

Also in 2023, Oatly and Minor League Baseball (MiLB<sup>tm</sup>) announced an exclusive, multi-year partnership across the US and Canada. The partnership launched in select parks on Opening Day and is believed to be the first-ever national, plant-based milk and plant-based, non-dairy dessert partnership with a sports league in the US. In addition to branding and media touchpoints across all 120 stadiums, as part of the partnership, Oatly products will now be served at more than 50 MiLB ballparks, enhancing the concessions experience for fans and offering delicious plant-based alternatives to enjoy during games. The partnership will also feature gametime product sampling activations, a content series and more for fans to enjoy all season long.

### *Finland*

We took part in Helsinki University's "Sustainability Science days," co-sponsoring a "Sustainability Learning Café," a meeting place for all academics, practitioners, activists, students and staff interested and involved in all levels of sustainability education and learning in general.

### *Germany*

In February 2023, Oatly partnered with Berlinale (one of the three major film festivals in the world), and for the first time ever, it stopped using animal dairy products at all official events. The international film festival attracted thousands of visitors to Berlin and Oatly indulged guests' tastebuds with various plant-based coffee specialties

and drinks. While numerous high-profile events take place every year, yet they lack focus on sustainability aspects, the Berlinale and Oatly set a perfect example of switching to dairy-free catering and successfully showed how easy a CO2e saving, plant-based diet can be integrated.

## **DEVELOP PRODUCTS THAT HELP PEOPLE MAKE THE SHIFT TO PLANT-BASED FOOD**

Oatly's innovation team was busy in 2023 creating new products to make it easy for people to switch away from cow's milk, bringing people products that they love!

### *Europe*

We added a big player to our Oatly portfolio in the form of the brand-new "No" Sugars oat drink: our oat drink with the least sugar in the ingredients list that is amazing if a less-sweet taste is your "thing." For "No" Sugars, we don't use the same production process that involves breaking down starch into natural sugars, and the result is a product that contains no sugar. Instead, when you consume "No" Sugars Oatly, your body turns the carbohydrates into sugars by itself – doing some of the work that otherwise takes place in our production sites. Transforming carbohydrates into sugar happens with all the food and drink you eat that contains natural starch.

In the summer of 2023, we launched our new Soft Serve product (already launched in the US). We celebrated the launch with a food truck tour of festivals and opened a pop-up in Amsterdam, the Netherlands.

In addition, Oatly launched Whole, Semi and Light across Europe, which offer consumers a portfolio of products that can be used the same way as milk.

### *United States*

Oatly's plant-based Cream Cheese hit shelves and topped bagels across the US for the first time in 2023. Developed by food scientists at our Philadelphia R&D lab and made from our proprietary oat base – the foundation of all Oatly products – two new cream cheese flavors offer yet another opportunity for people to easily make the switch from dairy to plant-based foods.

## **CHALLENGE OUTDATED RULES AND REGULATORY BARRIERS**

### *North America*

We've joined Plant Based Foods Canada, the industry organization working to level the playing field for plant-based products. This gives us new opportunities to engage with Canadian peer organizations, spot regulatory and political risks and learn more about the Canadian market.

### *Finland*

We launched "The Plant Based Food Finland" (known as "Pro Vege" in Finnish) with 18 founding member companies, including the three major retailers in Finland. Oatly is one of the founding members. The goal of this association is clear: to get more people to eat more plant-based foods. The association will be working on finding ways to make plant-based foods attractive to as many people as possible, with special focus on "alternative proteins" and plant-based dairy alternatives and how the plant-based shift can support sustainable food systems, reduced emissions, biodiversity and public health.

### *Europe*

Plant-based milk alternatives still suffer from unfair tax discrimination that runs contrary to the European Union's Farm to Fork Strategy, which seeks to make healthy and sustainable food more economically and physically accessible for everyone. Oatly continues to fight against what we regard as unfair tax treatment and to ensure that the provision of indirect subsidies to the dairy industry is finally reduced, and call on policymakers to revise tax rates of plant-based alternatives.

When the European Commission opened a public consultation on the EU School Milk Scheme in 2022, we worked with partners to encourage people to sign a petition to add plant-based drink alternatives. Despite our best advocacy efforts with partners over the last year for the inclusion of plant-based drinks in schools, the European Parliament voted against it in 2023. We can't win them all, but we will keep trying!

### *Germany and Austria*

For the last quarter of 2023, Oatly and a couple retail partners in Germany and Austria partnered up and offered consumers Oatly drinks with reduced VAT (value-added tax) rates (from 19 percent to 7 percent in Germany, from 20 percent to 10 percent in Austria) which correspond to the current taxation of cow's milk. Our sales figures for both retailers increased during the campaign, proving that the parity was long overdue!

### *The Netherlands*

Following our efforts last year to push the Dutch government to exempt plant-based alternatives to cow's milk from the proposed consumption tax, in Dec 2023 the Dutch senate voted yes to a motion to exempt plant-based alternatives - huge win! This gives us a good basis to work from and our primary focus in 2024 will be to build our case with the new parliament, based on the request of the Senate and continue to focus on how the motion can get executed. The fight continues, we are not giving up!

## **SUSTAINABILITY GOVERNANCE AND ETHICS**

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. We consider it essential to achieve our mission.

Our sustainability program is developed and managed through considered interaction between our chief executive officer, with embedded ownership within relevant functions and other department heads, and with oversight from our Board of Directors. Our chief executive officer and our Sustainability Leadership Team work together to develop our sustainability programs, practices and goals in conjunction with our other business leaders, and these form the basis of our approach to sustainability at our company. These programs, practices and goals are overseen and monitored by the Nominating and Corporate Governance Committee of our Board of Directors, which is in turn required to report to the wider Board on matters of sustainability and corporate responsibility performance.

At the end of 2023, our company Board was composed of 13 directors, out of which nine identify as male and four as female. There are no directors under age 30, three are between 30 and 50 years old and 10 are over 50 years old. Within the Board of Directors, five identify as Asian, seven identify as white and one identifies as both Asian and 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 2023, 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.

All new employees, line consultants and directors on the Board received communication about the following policies. Today, new hires receive these e-learnings during the onboarding process throughout the rest of the year.

- *Business Conduct and Ethics Guidelines* apply 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; and 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 whenever they feel uncomfortable about a 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* 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 and the UK Bribery Act that prohibits the company and its 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 through which 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](http://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 eight Fundamental Conventions and the UN SDGs. (For more information, see Oatly’s [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, along with examples of mitigating activities:

Risk category	Sustainability-related risks	Mitigating activity examples
Environment/Climate Change	<b>Physical climate change impact to raw material supply:</b> 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	We are working with farmers, suppliers and agricultural experts 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

	manufacturing and distribution operations.	factories to reduce water use.
<b>Environment/Climate Change</b>	<b>Policies and regulations in the transition to a lower-carbon economy:</b> 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 and/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 emissions-reduction strategies. We initiated a double materiality assessment in 2023, exploring Oatly's impacts inside out and outside in (with results expected in 2024) to ensure alignment with upcoming regulations.
<b>Environment/Climate Change</b>	<b>New international guidelines and reporting frameworks related to supply chains:</b> New international reporting frameworks and disclosure standards in markets where Oatly operates could pose additional legal or regulatory compliance related to the mitigation of risks in supply chains such as ecosystem collapse, biodiversity loss and human rights risks.	We have clear environmental and social sustainability expectations for our suppliers, while continually monitoring and supporting performance. We developed our sustainable sourcing guidelines to identify and mitigate risk in the supply chain. We use the Ecovadis tool to work with our suppliers to achieve our sustainable sourcing goals and use third-party certification for high-risk ingredients.
<b>Human Rights and Anti-corruption</b>	<b>Non-compliance with laws and regulations and/or Oatly Code of Conduct:</b> If Oatly staff, 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.	Our new hires undergo training on Business Conduct and Ethics Guidelines, and we regularly communicate our related policies to staff. Additionally, we expect that our suppliers and production partners either commit to comply with our Supplier Code of Conduct or present their own, with a

		standard that is at least equal to ours.
<b>Brand Reputation</b>	<b>Brand image and reputation harmed by not meeting investor, customer or consumer expectations:</b> Our business faces increasing scrutiny related to environmental, human rights 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 clear strategies, internal metrics and activities to deliver on our 2029 Sustainability Plan. We continue to improve our sustainability reporting to build awareness of sustainability issues and relevant Dayly impacts.
<b>Employees</b>	<b>Attraction and retention:</b> Significant changes in the company affect our ability to both retain and recruit personnel and effectively focus on and pursue our corporate objectives.	We improved structure and policies to spread knowledge and communicate clearly about our guiding principles and company direction and performance.

## REPORTING PRINCIPLES

The Oatly sustainability reporting process focuses on the most important sustainability areas for Oatly and the impact Oatly has on people and the planet, 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 12). Our report follows the requirements of the Swedish Annual Accounts Act. Oatly is a listed company in the US but not in the EU market and is therefore not required to report on the EU Taxonomy regulation for 2023. Oatly's GHG emissions are reported in accordance with the GHG Protocol, using the control consolidation approach.

## DATA BOUNDARIES

Unless otherwise stated, the consolidated figures expressed in this report relate to Oatly Group AB. The Scope 1 and 2 energy figures include our production factories and offices, and Scope 3 includes our production partners. (For more details, see page 14.) Most of the data is collected and consolidated via the application Worldfavor. The reporting units are responsible for reporting correct information. We follow the GHG Protocol principles for managing environmental and energy reporting related to acquisitions, divestments and closures, if any. This means that, when necessary, figures for historical performance are recalculated based on 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 full-time and part-time employees was reported as of December 31, 2023, and excludes all consultants.

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

## Auditor's report on the statutory sustainability statement

To the general meeting of the shareholders of Oatly Group AB, corporate identity number *559081-1989*

### *Engagement and responsibility*

It is the Board of Directors who is responsible for the statutory sustainability statement for the financial year 2023 and that it has been prepared in accordance with the Annual Accounts Act.

### *The scope of the audit*

Our examination has been conducted in accordance with FAR's auditing standard RevR 12 *The auditor's opinion regarding the statutory sustainability statement*. This means that our examination of the corporate governance statement 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.

### *Opinions*

A statutory sustainability statement has been prepared.

Stockholm 22 April 2024

Ernst & Young AB

Erik Sandström  
Authorized Public Accountant

# STATEMENT FROM THE AUDITOR

## Independent practitioner's assurance report on Oatly Group AB's Greenhouse Gas (GHG) Statement

To Oatly Group AB

### *Scope*

We have been engaged by Oatly Group AB to perform a 'limited assurance engagement,' as defined by International Standards on Assurance Engagements, here after referred to as the engagement, to report on the accompanying GHG statement of Oatly Group AB for the year ended 31 December 2023, comprising Scope 1 GHG emissions (kton CO<sub>2</sub>e) and Scope 2 GHG emissions (kton CO<sub>2</sub>e) on page 14 of the 2023 Sustainability Report.

### *Criteria applied by Oatly Group AB*

In preparing Scope 1 and Scope 2 emissions, Oatly Group AB applied the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard, published by the World Resources Institute and the World Business Council for Sustainable Development (Criteria), as described on page 52.

### *Oatly Group AB's responsibilities*

Oatly Group AB's management is responsible for selecting the Criteria, and for presenting the Scope 1 and Scope 2 emissions in accordance with that Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the GHG statement, such that it is free from material misstatement, whether due to fraud or error.

### *EY's responsibilities*

Our responsibility is to express a conclusion on the presentation of the Subject Matter based on the evidence we have obtained.

Our engagement was conducted in accordance with the *International Standard for Assurance Engagements on Greenhouse Gas Statements* ('ISAE 3410'), and the terms of reference for this engagement as agreed with Oatly Group AB on the 16<sup>th</sup> of November 2023. Those standards require that we plan and perform our engagement to express a conclusion on whether we are aware of any material modifications that need to be made to the Subject Matter in order for it to be in accordance with the Criteria, 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 assurance conclusion.

### *Our independence and quality management*

We have maintained our independence and confirm that we have met 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 assurance review.

EY also applies International Standard on Quality Management 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services engagements*, which requires that we design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### *Description of procedures performed*

Procedures performed in a limited assurance 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 assurance engagement is substantially lower 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 Green House Gas 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.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the Scope 1 and Scope 2 emissions and related information and applying analytical and other relevant procedures.

Our procedures included:

- Conducting interviews with Oatly Group AB personnel on the business and reporting process
- Conducting interviews with Oatly Group 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 such other procedures as we considered necessary in the circumstances.

#### *Conclusion*

Based on our procedures and the evidence obtained, we are not aware of any material modifications that should be made to the Scope 1 GHG emissions (kton CO<sub>2</sub>e) and Scope 2 GHG emissions (kton CO<sub>2</sub>e) for the year ended **31 December 2023** in order for it to be in accordance with the Criteria.

Stockholm, 22 April, 2024

Ernst & Young AB

Erik Sandström  
Authorized Public Accountant

Outi Alestalo  
Specialist member in FAR

# APPENDIX

## SDG TABLE

SDG	SDG-relevant target	Oatly impact and key contribution in 2023
2. Zero hunger	2.4 Sustainable food production and resilient farming practices	Farmers and agricultural production are central to our business. Building on our efforts in 2022, we refined Oatly's framework for regenerative oat sourcing in 2023, known as the FARM framework, and began implementation with an inaugural set of producers in North America. FARM represents Oatly's commitment to source oats from agricultural systems that reduce GHG emissions, protect biodiversity and water quality and improve farmer well-being. The framework was developed in partnership with mill partners and producers in North America and Europe.
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 producing a healthy, plant-based alternative to dairy is at the core of what we do. In 2023, we continued publishing our health profession newsletter to reach professionals and people outside our company. Our public affairs team persisted in their efforts to fight against what we regard as unfair tax treatment and indirect subsidies of the dairy industry, which are contrary to the EU strategy that seeks to make healthy and sustainable food more economically and physically accessible for everyone. We continue to expanded our portfolio with products that contribute to a healthy and sustainable diet.
5. Gender equality	5.1 Eradicate discrimination against women and girls  5.5 Ensure the full participation of women in leadership and decision-making	As a company, we have great potential to influence and create conditions that foster equality. In 2023, we built a process for and conducted a global gender equal pay analysis. This will be an annual process that begins in September and take a couple months to complete.

6. Clean water and sanitation	6.4 Streamline water use and safe water supplies	We are actively working to use water more efficiently at our Oatly factories. The combined water withdrawal for all Oatly-operated production facilities in 2023 was 3.0 liters L/L FGE, approximately 31 percent lower than our baseline of 4.3 L/L.
7. Affordable and clean energy	7.2 Increase the global proportion of renewable energy	We're aiming to use 100 percent renewable energy for our production by 2029 as we continue working to ensure we use energy efficiently. In 2023, we continued to source 100 percent renewable electricity for all Oatly-operated factories and increased our sourcing of renewable electricity for all production partners in the United States, Europe and Singapore.
8. Decent work and economic growth	8.5 Full employment and decent working conditions with equal pay for all  8.8 Protect workers' rights and foster a safe and secure working environment for all	<p>As employers and purchasers, we want to both create a safe workplace where people thrive and push for a value chain where human rights are respected.</p> <p>In 2023, we launched a new global program to make reporting health and safety observations and incidents faster and easier for everyone.</p> <p>We continue to develop our Global Safety, Health and Environment Management System in alignment with the ISO framework, and in 2023, we completed a gap assessment at our factories in the US, Sweden and the Netherlands.</p> <p>We have clear environmental and social sustainability expectations for our suppliers and continually monitor and support their performance.</p>
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	<p>In 2023, our global Oatly-operated factories generated approximately 88,500 tonnes of waste and byproducts, a reduction of approximately 6 percent compared with 2022.</p> <p>All our oat fiber residue – that's 100 percent of the 78,500 tonnes generated in 2023 – was repurposed.</p> <p>We also strive to keep the small proportion of our waste that is not oat fiber residue, approximately 10,000 tonnes in 2023, out of landfills by instead sending it to partners for recycling or incineration, with energy recovery. In 2023, our production waste to landfill was approximately 0.5 percent.</p>

13. Climate action	13.3 Increase knowledge and capacity to cope with climate change	<p>We help to empower consumers to make sustainable food choices and understand the climate impacts of plant-based and animal-based foods through our campaigns and calculations for individual product climate footprints.</p> <p>We continue expanding our efforts to publicly declare climate footprints on more of our products around the world. By the end of 2023, 196 of our products carried a product climate footprint declaration, which accounted for 79 percent of our sales volume globally.</p>
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## GENERAL REPORTING NOTES

### Emission factors

Sources for the majority of the emission factors come from CarbonCloud, primarily for Scope 3, or the DEFRA catalog for emission factors, primarily for Scope 1 and energy in Scope 3. The sources for the residual electricity mixes (Scope 2, market-based) are based on multiple providers, depending on the geography. For Europe, they come from the Association of Issuing Bodies (AIB); North America's values are based on Green-e; and values for Asia are based on the International Energy Agency (IEA). For location-based factors, IEA was used for Europe and Asia, NIR CANADA for Canada and eGRID for US. When emission factors were not available in our primary sources, additional external databases, such as ecoinvent, were used.

### Production partner sites

Since not only Oatly products are being produced in the production partner sites, consumption data from these sites corresponds to the percentage of Oatly share of production within the respective production site.

As we implemented our asset-light business model and transitioned our Ogden factory from end-to-end to a hybrid production site in 2023, the emissions from the finishing and packing side of the factory are now reported in Scope 3, as the energy is used by our hybrid partner instead of us. This resulted in a decrease in Scope 1 and 2 emissions, and an associated increase in Scope 3.

### 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 and 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.

### Intensity measures

Our co-manufacturers are key production partners, and we're committed to bringing them along on our sustainability journey. In certain impact areas, such as climate footprint, energy and transportation, our targets include both Oatly-operated and production-partner facilities, so we include production partners' sustainability data with the data from Oatly-operated factories. In other impact areas, such as waste and water, we set targets specific to Oatly-operated facilities; partner data is therefore not included.

Energy intensity is based on energy consumed at all production sites (Oatly-operated factories and our production partners) divided by the total amount of liters produced.

Water intensity: Since we have a combination of end-to-end and hybrid factories (where we produce oat base and the onsite co-manufacturing partner does the finishing and packaging), this combined water withdrawal for all Oatly-operated production facilities is calculated by dividing the total production-related water use<sup>34</sup> at all factories by the total liters of Oatly produced, as FGE, which converts oat base liters into equivalent finished goods liters. As previously mentioned, in 2023, we transitioned our Ogden factory from end-to-end to a hybrid production site. This means that some of the water previously reported in this intensity metric is now excluded.

**Baseline**

Our corporate climate footprint and associated ambitions are reported against a 2020 baseline. In 2022, this baseline was revised in accordance with the recommendations of the leading standards (including the GHG Protocol). The revised 2020 baseline is 0.533 kg CO<sub>2</sub>e/L (2020 was the first year of our updated GHG accounting methodology, aligned with the GHG Protocol, and the first year we included a more comprehensive set of GHG categories), compared with the previously reported 2020 corporate climate footprint of 0.558 kg CO<sub>2</sub>e/L. This means we have revised our baseline down by 0.025 kg CO<sub>2</sub>e/L.

Intensity metrics, such as energy intensity and water intensity are reported against a 2019 baseline as established in our 2029 Sustainability Plan.

**Scope 1**

Energy	Includes energy from Oatly production sites and offices, such as biogas, natural gas and on-site solar panels.
Refrigerants	Only refills of leakages are reported under this scope. There were no refills reported during 2023 from Oatly production sites.
Company vehicles	Divided into the categories of diesel and hybrid.

**Scope 2**

Electricity	Includes electricity from Oatly production sites and offices. Market-based emissions are presented in the report.  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 is considered to be insignificant.  Less than 1 percent of the electricity use was estimated.
Steam, heating and cooling	Includes steam, district heating and cooling from Oatly production sites and offices.
Company vehicles	Divided in the categories electric and hybrid.

**Scope 3**

<sup>34</sup> Note that we are excluding water used in onsite dormitories (specifically the dormitory and associated cafeteria at our Ma'anshan location), as this water use is not directly related to production. Water used in test production runs, as we develop new products, is included in this metric.

1. Purchased goods and services	<p>Emissions from production partners (energy, refrigerants, electricity, steam, district heating and cooling), ingredients and packaging materials are included in this category.</p> <p>Less than 1 percent of the weight of ingredients was estimated, which corresponds to about 3 percent of the emissions from ingredients. For packaging, about 4 percent of the weight and corresponding emissions were estimated. Estimations of volumes of ingredients and packaging material are based on what type of products have been produced, the produced volume and the material specification from a similar product.</p> <p>Estimations for production partners are based on data from previous years and production volumes from 2023.</p> <p>About 2 percent of energy use and less than 1 percent of corresponding emissions from production partners was estimated.</p>
1. Purchased goods and services - packaging material	Includes primary, secondary and tertiary packaging materials.
3. Fuel and energy-related activities	Includes well-to-tank emissions from Oatly production sites and offices.
5. Waste generated from operations	Includes waste from Oatly production sites and offices, production partners and warehouses. Less than 1 percent of the weight and emissions from waste was estimated.
4. Upstream transportation and distribution	Includes upstream and downstream transportation and warehouse electricity. Less than 1 percent of the ton-km and corresponding emissions from this category was estimated.
6. Business Travel	Includes data for business travel for all Oatly employees. We changed the method from distance-based to spend-based for this category.

<b>PBR CONVERSION NOTE</b>	
Ambition 4 (Conversion/avoided emissions calculation)	<p>In 2021, Oatly contracted sustainability consultant Quantis to help develop a methodology for estimating converted liters and avoided emissions associated with Plant-Based Revolution Ambition 4 in Oatly's Sustainability Plan (i.e., the number of liters of Oatly products people have chosen instead of cow's dairy and the corresponding CO<sub>2</sub>e emissions avoided (see the article by Quantis <a href="#">here</a>)). In this report, we applied this methodology for the years 2019 through 2023 for all Oatly products and markets.<sup>3</sup> To do so, we analyzed the following data: 1) sales data per product and country (provided by Oatly Finance); 2) Estimation of the share of Oatly consumers that converted from cow's milk obtained via consumer insight surveys at a country level (conducted by <a href="#">McKinsey</a> for 2019-2021 data and <a href="#">IPSOS</a> for 2022-2023 data), with survey questions and an equation to estimate the rate of cow's dairy to Oatly conversion proposed by Quantis; and 3) Several ISO 14040/44-compliant and peer-reviewed LCA studies that defined the CO<sub>2</sub>e saved from switching from cow's dairy to Oatly products (conducted by</p>

Blonk Sustainability for selected products and Oatly markets).<sup>4</sup>

Assumptions: For the part of the sales volume for which data was unavailable, the conversion and corresponding CO<sub>2</sub>e savings were approximated from available data using a conservative approach. Based on our in-house product climate footprint calculations verified by CarbonCloud, the impact of our various drinks compared with cow's dairy within a single region does not vary significantly, so CO<sub>2</sub>e emissions are expected to be similar. Other product categories, such as oatgurts, plant-based ice cream, etc., that have not been investigated in an LCA make a very small part of our portfolio (less than 5 percent), so they are not expected to influence the results. For the 2022 reporting year, Quantis reviewed the accuracy, completeness and existence of errors or omissions of the calculated results in accordance with its suggested methodology and provided a verification letter. Quantis did not verify the data in 2023.

Limitations: The result of the Ambition 4 indicator is subject to the inherent limitations of a survey (e.g., representativeness of the entire population compared with survey respondents, respondent objectivity/truthfulness, length of the questionnaire, survey mode, geography, etc.) as well as annual variations due to the natural progression of the plant-based movement. The avoided CO<sub>2</sub>e emissions are subject to the assumptions, limitations, conclusions and critical review statement in the LCA studies conducted by Blonk Sustainability.

We plan to update, develop and refine our calculations in relation to Ambition 4 in future years as we obtain further data (e.g., address those markets and products for which we currently use proxies or other approaches for estimates) and as the methodologies relating to avoided emissions continue to develop.